

Housing Segregation in Seattle

An Update of *A Study and Data on Segregated Housing in Seattle*
Seattle Human Rights Department, 1976

Prepared By:

Kate Davis

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Daniel J. Evans School of Public Affairs

Executive Summary

In 1976, the Seattle Human Rights Department (SHRD) set out to examine the problem of persistent racial segregation. The Department uncovered a city that was divided along racial and ethnic lines. The city's neighborhoods were highly segregated with very few minorities living north of the ship canal. The housing choices for people of color were limited by discrimination from realtors, lenders, and insurance agents. Land use policies restricted the entry of some minorities into affluent neighborhoods and affordable housing strategies concentrated low-income residents into poor neighborhoods.

In 2005, Seattle is a very different city. All of Seattle's neighborhoods have become more integrated since 1976. Laws against discrimination have been strengthened and housing and land use strategies have been altered to create more opportunities for low-income minorities.

Despite this progress, challenges remain. Discrimination still exists in Seattle and has only become more subtle and difficult to detect. Racial and ethnic minorities still earn less than white residents and must struggle to find housing in a market that has become increasingly unaffordable.

This report explores some of the challenges faced by minorities seeking housing in Seattle and updates some of the findings of the 1976 SHRD report. Specifically this study attempts to answer the following questions:

1. How have patterns of housing segregation in Seattle changed since 1976?
2. What are the causes of continued segregation in Seattle?
3. What has been the impact of government policies targeting discrimination in the private sector?
4. What has been the impact of government policies targeting affordability and accessibility?

Major Findings

RESEARCH QUESTION 1: HOW HAS SEATTLE CHANGED SINCE 1976?

Finding 1: Seattle and King County have become more diverse. In 1980, 21% of Seattle's population were people of color while in 2000, minorities accounted for 32% of the city's population. The surrounding suburbs are becoming more diverse as well. In 1960, suburban King County was home to roughly 20% of the county's non-white population. By 2000, 60% of the county's non-white population lived outside the city boundaries.

Finding 2: Seattle's neighborhoods have become more integrated. In 1960, none of the neighborhoods north of the ship canal were more than 2% nonwhite. By 2000, all of Seattle's neighborhoods were more than 12% non-white. In 1976, the Seattle Human Rights Department reported that 75% of Seattle's non-white population lived in the contiguous neighborhoods of Garfield-Madrona, Rainier Valley, and Rainier Beach. In 2000, slightly less than half of the city's non-white population occupied these three neighborhoods.

Finding 3: African-Americans remain highly segregated from whites. While segregation has decreased overall, African-Americans are much more segregated from whites than Asians or Hispanics. To achieve "even integration", 58% of African-Americans or whites would have to move. (Even integration would be achieved if each census tract had the same proportion of African-Americans as the city as a whole.) By comparison, only 45% of Asians and 35% of Hispanics would have to move to achieve even integration with whites.

RESEARCH QUESTION 2: WHY DOES SEGREGATION PERSIST?

Finding #4: Segregation is the product of discrimination, economic access and preference. Discrimination by realtors, lenders and insurance agents can prevent minorities from moving to predominantly white neighborhoods. Higher housing prices in white areas represent another barrier for low-income minorities. Some people of color, particularly recent immigrants, may prefer to live in neighborhoods dominated by their own racial and ethnic group. However, white preferences for "same group" neighborhoods are generally stronger than non-white preferences. While there is evidence that all three of these factors contribute to segregation, economic explanations cannot adequately explain the segregation of upper income minorities from whites.

Finding #5: While there is some evidence of discrimination in Seattle, more data must be collected to determine the full extent of this problem. National studies show that as many as one in five African-Americans experience discrimination when searching for a home. Comparable local data has not been collected. This makes it difficult to examine the contribution of discrimination to segregated housing patterns. Local data does suggest a pattern of discrimination in lending. African-Americans and Hispanics of all income levels experience higher rejection rates from lenders and are far more likely to receive sub-prime loans. However, the impact of these disparities on segregation is unclear.

Finding #6: Minority residents are concentrated in areas of the county with affordable housing. However, economic access cannot explain the segregation of higher income minorities from whites. A large number of minority residents live in southeastern Seattle and King County. These areas have some of the lowest median rents and homeowner costs in the country. However, higher income African-Americans and Hispanics are just as segregated from whites as lower income black and Hispanic residents.

RESEARCH QUESTION 3: HOW HAVE ANTI-DISCRIMINATION LAWS IMPACTED DISCRIMINATION?

Finding #7: Changes in federal law have increased the monitoring and enforcement powers of local civil rights agencies. Since 1976, federal and local fair housing laws have been expanded to improve the monitoring and enforcement of discrimination. The Home Mortgage Disclosure Act requires lenders to report the race, income, and location of loans. This disclosure empowers the investigation of lending disparities. Stricter enforcement provisions have been added to the Fair Housing Act. These provisions create disincentives to discriminate.

Finding #8: Fair housing enforcement does not adequately capture the full incidence of discrimination. Fair housing enforcement is still dependent on individual complaints of discrimination. Many individuals either cannot recognize subtle forms of discrimination or are reticent to file a complaint with a civil rights agency.

RESEARCH QUESTION 4: WHAT IS THE IMPACT OF ZONING AND AFFORDABLE HOUSING POLICIES ON SEGREGATION?

Finding #9: Land use policies support a greater variety of housing options and promote mixed income communities. Since 1976, Seattle and other King County communities have used land use policies to promote more multi-family and smaller lot housing. The result is a greater diversity

in housing choices throughout Seattle and King County. These policies have been guided by the State's Growth Management Act which encourages denser development in urban areas. However, rising home costs presents a significant challenge to creating and maintaining mixed-income communities.

Finding #10: Seattle's subsidized housing has become less concentrated in low-income minority neighborhoods. Since 1976, Seattle's housing policies have focused on two goals: creating more subsidized housing units outside of low-income areas and channeling investment in distressed neighborhoods. The result is that residents of assisted housing have more geographic choices in housing. Despite these efforts, the demand for affordable housing is still not being met by government agencies.

Recommendations

The City of Seattle has come a long way in promoting housing opportunities for individuals of all races and income levels. However, challenges still remain. I recommend the following options to increase choice and opportunity for minority residents.

1. Improve monitoring of discrimination by studying the incidence of discrimination with paired tests, periodically analyzing HMDA data and collecting more data on home insurance policies.
2. Take the enforcement burden off the victims of discrimination by conducting more agency initiated investigations of housing discrimination.
3. Continue to educate industry agents and consumers about fair housing.
4. Eliminate home ownership disparities through the enforcement of fair housing laws, provision of credit training to consumers, and down payment assistance.
5. Encourage the development of affordable housing citywide through inclusionary zoning policies and dispersion of affordable housing sites.
6. Revitalize distressed neighborhoods while preserving affordability for low-income residents.
7. Improve the economic well-being of low-income minority residents through worker education and training programs.

Contents

Executive Summary.....	i
I. Introduction.....	1
II. History of Segregated Housing.....	5
III. Changes in Housing Patterns in Seattle.....	17
IV. Explanations of Segregated Housing Patterns.....	33
V. Policies Addressing Discrimination.....	53
VI. Policies Addressing Housing Affordability.....	61
VII. Recommendations.....	75
VIII. References.....	79
IX. Appendices.....	83

Figures

Figure 1. Average Dissimilarity Between Black and Non-Black Residents in U.S. Cities 1890-1990.....	6
Figure 2. Population Changes in Seattle by Race and Ethnicity 1980-2000.....	17
Figure 3. Dissimilarity in Seattle, 1980-2000.....	24
Figure 4. Exposure Indices by Race, 2000.....	25
Figure 5. Racial / Ethnic Failure Rates for 2000-2002 Conventional Home Purchase Applications by Income Range.....	37
Figure 6. Racial / Ethnic Failure Rates for 2000-2002 Conventional Refinance Applications by Income Range.....	37
Figure 7. Racial / Ethnic Rates of Subprime Home Purchase Loans for 2000-2002.....	39
Figure 8. Central Area Home Values and Rents, 1980 and 2000.....	46
Figure 9. Dissimilarity of Poor and Non-Poor in King County, 1980—2000.....	71

Tables

Table 1 . Population of Seattle by Race, 1900-40.....	9
Table 2. African-American Population in Seattle, 1900-1960.....	12
Table 3. Housing Tenure in Seattle by Race and Ethnicity, 2000.....	18
Table 4. Neighborhood Change in Seattle, 1960—2000.....	19
Table 5. Racial Disparities in Mortgage Lending in King County, 2000-2002.....	38
Table 6. Correlations Between Average Home Costs and Racial Composition, 2000.....	40
Table 7. Earnings Disparities by Race and Ethnicity, 2000.....	41
Table 8. Percentage of Seattle Households Classified as Low or Moderate Income.....	41
Table 9. Dissimilarity by Race and Household Income in Seattle, 2000.....	48
Table 10. Neighborhood Change, 1980-2000.....	49
Table 11. Fair Housing Laws and Enforcement Agencies.....	55
Table 12. Percentage of Units Multifamily, 1970 and 2000.....	63
Table 13. Location of Scattered Site Housing.....	67

Maps

Map 1. Japanese Population, 1920.....	10
Map 2. Japanese Population, 1960.....	11
Map 3. Percentage Non-White by Major Division, Seattle, 1960.....	20
Map 4. Percentage Non-White by Major Division, Seattle, 2000.....	21
Map 5. Percentage Point Change Non-white by Major Division, 1960-2000.....	23
Map 6. Percentage African-American, 1980.....	26
Map 7. Percentage African-American, 2000.....	27
Map 8. Percentage Asian, 1980.....	28
Map 9. Percentage Asian, 2000.....	29
Map 10. Percentage Hispanic, 1980.....	30
Map 11. Percentage Hispanic, 2000.....	31
Map 12. Affordability of Median Rent to Low-Income Households, 2000.....	42
Map 13. Affordability of Median Rent to Moderate-Income Households, 2000.....	43
Map 14. Median Home Owner Costs Affordable to Moderate-Income Households, 2000.....	44
Map 15. Ratio of Median Home Owner Costs to Affordable Costs for Moderate-Income Households, 2000.....	45
Map 16. Change in Rental Costs and Change in Percentage Non-White, 1980-2000.....	47
Map 17. Zoning in the Garfield-Madrona / Central Area, 1976.....	64
Map 18. Zoning in the Garfield-Madrona / Central Area, 2000.....	65
Map 19. Number of Voucher Units per Zip Code Area.....	69
Map 20. Location and Size of Seattle Housing Authority Properties.....	70

I. Introduction

Nearly four decades after Congress passed the Fair Housing Act of 1968, racial residential segregation remains a prominent feature of most American cities. Segregation is the product of a complex set of forces including historic neighborhood patterns, current discrimination in housing markets, economic segregation in zoning, segregation of public housing, and individual preferences and prejudices.

Continued segregation indicates that minorities are still experiencing discrimination in housing markets. Discrimination by realtors limits the choices of minority families in determining where they want to live. This means that some minorities must settle for lower quality housing than whites. Since school assignments are geographically based, discrimination also limits parents' choices of schools for their children. In the absence of busing and extensive school choice programs, housing segregation contributes to school segregation. Discrimination by lenders and insurance agents limits opportunities to own homes. This reduces the amount of capital minority families can accumulate from real estate investments.

Segregation is also the product of inequitable land use and affordable housing policies. Exclusionary zoning limits the amount of low-cost housing that can be built in affluent suburban areas. Much of the nation's affordable housing stock (both subsidized and unsubsidized) is concentrated in low-income minority areas. Since minorities generally earn less than whites, policies that limit housing choices for low-income residents have a disproportionate impact on people of color.

Segregation is the product of racial prejudice. However, the physical separation of whites and minorities reproduces much of the misunderstanding and ignorance that fuels racial prejudice (Yinger, 1995.) Racially biased beliefs engender discrimination in other areas, like employment, which further restricts opportunities for minorities. For these reasons, policymakers must address the root causes and outcomes of segregation.

In 1976, the Seattle Human Rights Department prepared an in-depth study of segregated housing in Seattle. This report is an update of the 1976 study. Given the constraints of time, this report is not as extensive and comprehensive as the original study. The 1976 report dedicated complete chapters to the issues of:

- demographics;
- zoning;
- affirmative action policies;
- housing policies;
- the region's fair share housing plan;
- insurance discrimination;
- rental and sales discrimination; and
- lender discrimination.

In the interest of time and space, I have reorganized these issues into four basic research questions:

1. How have patterns of housing segregation in Seattle changed during the past twenty years?
2. What are the causes of continued segregation in Seattle?
3. What has been the impact of government policies targeting discrimination in the private sector?
4. What has been the impact of government policies targeting affordability and accessibility?

Each of these questions addresses the major themes raised within the original study. The purpose of this paper is the same as the 1976 report. It endeavors to "identify the causes of segregation in Seattle as well as any forces which may be attempting to overcome such segregation" (Seattle Human Rights Department, 1976.)

The first half of the report describes the changes in segregated housing and provides several theories to explain these trends. I begin by reviewing historical trends in segregation both nationwide and in Seattle. I then examine changes in Seattle's housing patterns using three decades of Census data from the Neighborhood Change Database (Geolytics, 2000.) (See the Appendix for a more detailed description of this dataset.) This section compares the findings of the 1976 report with patterns uncovered by the 2000 Census. I then try to explain some of the changes occurring in Seattle using theories from academic literature. Most researchers attribute continued segregation to three causes: discrimination, economic access, and preference. These theories provide a framework to explore neighborhood change in Seattle.

The second part of the report evaluates the policies put in place to combat discrimination and housing segregation. Using the 1976 study as a baseline, I outline the major policy changes which im-

pact housing choices for minorities. The first set of policies directly address discriminatory practices in the private sector. These include the Fair Housing Act, the Home Mortgage Disclosure Act, and the Community Reinvestment Act. The second set of policies address the problems of affordability and economic access. These policies include zoning, home ownership assistance, and affordable rental housing. The final section of the report makes recommendations based on the major findings. Local, state, and federal agencies have made a lot of progress in addressing housing choice. These recommendations include some policies that are already being pursued by Seattle and other governments in King County. However, more work must be done to affirm housing choice in Seattle.

II. History of Segregated Housing

Segregation is the product of historical patterns of racial prejudice. Before we can examine current demographic trends, we must uncover the past. This chapter will outline the historical forces that created segregated neighborhoods in the United States and Seattle.

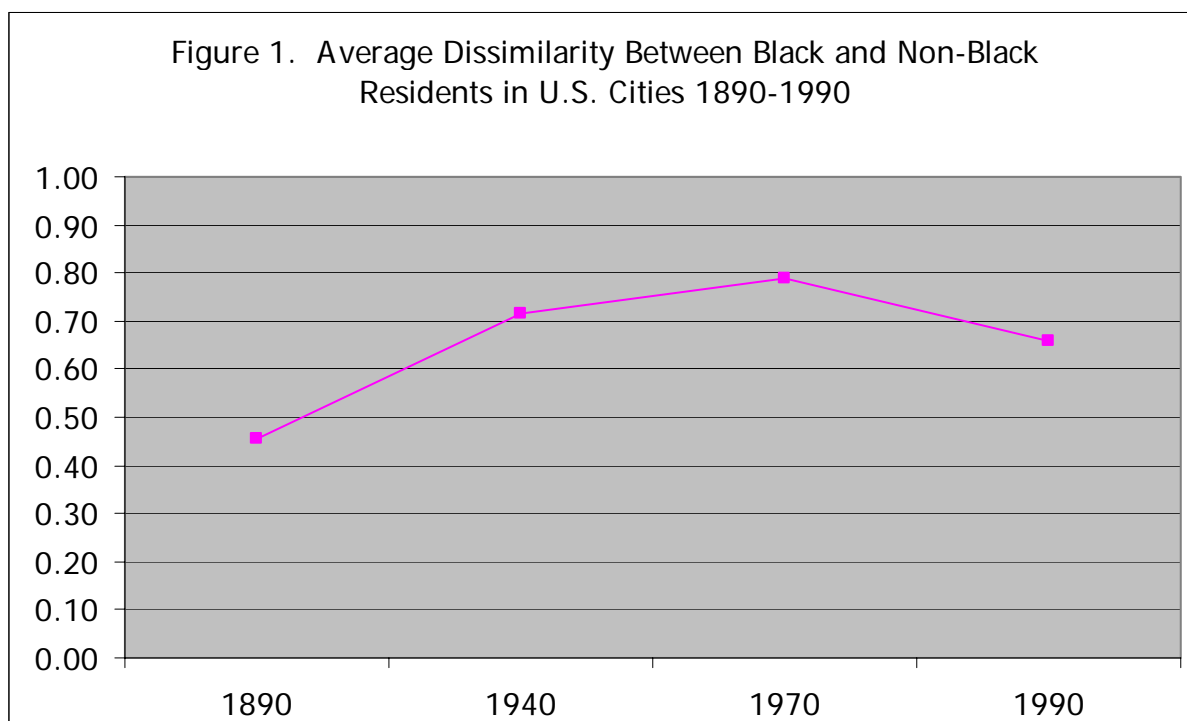
Segregated Housing in the United States

Most racial and ethnic groups have lived segregated neighborhoods at some point in U.S. history. Ethnic enclaves have traditionally functioned as a “port of entry” for recent immigrants making the transition to a new country or city (Cutler, Glaeser, and Vigdor, 1999.) Generally, immigrants leave these communities as they become more economically successful. However, segregation can also result from the “collective actions” of whites against minorities (Cutler, Glaeser, and Vigdor, 1999.) In this case, integration does not necessarily increase with socio-economic status.

During much of the 20th Century, African-Americans were actively barred from living in white neighborhoods. These actions led to the segregation of African-Americans into mostly black ghettos. Throughout the 20th Century, African-Americans were segregated at much higher levels than other ethnic groups. This “hypersegregation” of African-Americans has isolated many black residents from economic opportunities (Denton and Massey, 1992.) African-American school children are much more likely to attend schools with high concentrations of poverty and less experienced teachers (Yinger, 1995; Roza and Hill, 2004.) Predominantly black neighborhoods are more likely to be concentrated in the inner city-far from expanding job opportunities in the suburbs. This “spatial mismatch” between black residents and economic growth is often cited as an explanation of high rates of unemployment in the African-American community (Ihlenfeldt and Sjoquist 1998.)

The hypersegregation of African-Americans is a 20th Century phenomena. In the decades fol-

Following the Civil War, U.S. cities were relatively integrated. Segregation increased, however, as large numbers of African-Americans moved from the rural South to urban manufacturing centers in the North and Midwest (see Figure 1.) White residents felt threatened by the new migrants and systematically blocked their entry into white neighborhoods (Massey and Denton, 1993.) Initially whites used violence and intimidation to enforce segregation. By the 1920s, more subtle means were employed. Neighborhood improvement associations created restrictive covenants that barred white residents from renting or selling their homes to minorities. Restrictive covenants were later outlawed by a Supreme Court ruling in 1948 (*Shelly v. Kraemer*.) Realtors supported segregation by refusing to show homes in white neighborhoods to people of color. In 1924, the National Association of Real Estate Brokers added a clause to their ethics code that “a Realtor should never be instrumental in introducing into a neighborhood... members of any race or nationality... whose presence will clearly be detrimental to property values in that neighborhood.”



Source: Cutler, Vigdor, and Glaeser, 1999

Public policy also encouraged segregated housing. Federal lending policies restricted minorities' access to credit. Starting in the 1930s, the federal government began rating neighborhoods based on the risk of mortgage default. However, these ratings were racially biased. Neighborhoods with high minority concentrations were labeled high risk while integrated neighborhoods were labeled medium-

high risk. Ultimately, the ratings favored all-white neighborhoods. This system, known as “redlining”, did not only affect federally-backed mortgages. It was used by private lenders when choosing investments. Redlining denied credit to minority neighborhoods which made it difficult for minority families to purchase, improve and sell their homes. The building stock in many black neighborhoods deteriorated as families were denied credit to renovate their homes. Meanwhile, thousands of white residents were able to buy homes and accumulate assets as the result of federally back mortgages. Between 1934 and 1962, more than 98% of the \$120 billion in subsidized housing went to white households (California Newsreel, 2003.)

Segregation was also driven by urban renewal and public housing policies. The Housing Acts of 1937, 1949 and 1954 provided local governments with funds to revitalize poor neighborhoods and provide affordable housing to low-income residents. However, federal funds were often channeled toward commercial projects aimed at revitalizing central business districts. Nearby neighborhoods, which were often poor and African-American, were razed to make way for urban renewal. Displaced residents often had to move into high density public housing projects that were sited in predominately black neighborhoods (Massey and Denton, 1993; Teaford, 2000.)

By the 1960s, many inner city neighborhoods suffered from poverty, disinvestment, and deteriorated housing. Civil Rights activists repeatedly called for the passage of fair housing laws, but the legislation stalled in Congress. In 1968, Martin Luther King was assassinated and riots broke out in cities throughout the nation. Congress passed the Fair Housing Act of 1968 within weeks of these events partially in response to the civil unrest (Massey and Denton, 1993.) The Act barred discriminatory practices by private actors and public agencies. However, many of the act's enforcement powers were stripped away during the bills passage through Congress.

The following year, the courts ruled that the Chicago Housing Authority (CHA) and the U.S. Department of Housing and Urban Development (HUD) had promoted segregation by siting public housing in minority neighborhoods. The landmark case of *Gautreaux v. Chicago Housing Authority* fundamentally altered the nation's public housing policies (Popkin et al, 2000.) After *Gautreaux*, HUD began to promote programs that gave low-income residents more geographic mobility and choice in housing. In the 1970s, HUD established the Section 8 program which provides rental vouchers to low-income residents. In the 1990s, many of the large public housing projects were torn down and converted into mixed-income communities under the HOPE VI program.

Housing Segregation in Seattle

Seattle has long been home to large Asian and African-American communities. Both groups have experienced discrimination from white residents. Seattle's Asian population increased between 1860 and 1940 as waves of Chinese, Japanese, and Filipino immigrants moved to the city in search of employment. The growth of these communities was curtailed by anti-immigration legislation in the 1880s and 1920s. Between 1940 and 1960, the African-American community became the dominant minority group as black residents emigrated from the South to work in the city's manufacturing industries. In the mid-1960s, immigration laws changed again which precipitated the growth of communities from Asia and Latin America.

Segregation of Asians

Asians in Seattle and other U.S. cities experienced periodic episodes of tolerance and exclusion from white residents (Kim, 1999, Chin, 2001.) Chinese immigration was encouraged in the mid-19th Century to facilitate the construction of the railroads. Most of these early immigrants were single men who intended to return to China once they had made their fortunes. When the railroads were completed and the economy declined in the 1880s, whites became openly hostile toward Chinese immigrants. In 1882, the United States passed the Chinese Exclusion Act which banned the further immigration of Chinese workers. In 1886, hundreds of Chinese residents were forcibly removed from Seattle by anti-Chinese organizations. A small community of Chinese merchants remained, clustered around Second Ave and Washington Street. The center of the Chinese community shifted to King Street in 1910 after infrastructure improvements extended the city shoreline and regraded the steep sloping hill on Jackson Street (Chin, 2001.)

In the aftermath of the anti-Chinese riots, Japanese immigration to Seattle increased. Japanese workers were recruited to work in the railroads, farm, fishing and timber industries. The Japanese community settled close to Chinatown between Yesler and Jackson. Japanese immigration, however, was blocked by the Immigration Act of 1924. Anti-Japanese sentiment increased with the start of the Second World War. In 1942, Seattle's Japanese residents were forcibly removed from the city and imprisoned in internment camps in Idaho. In the post-war period, 65-70% of Seattle's Japanese residents returned, but many located outside of Japantown (Chin, 2001, see Maps 1 and 2.)

Filipinos began to immigrate to Seattle after the close of the Spanish-American War of 1898. The Filipino community was located close to Chinatown. Since the Philippines was a protectorate of the

United States, its citizens were classified as Nationals and were exempt from the Immigration Act of 1924. However, this status was curtailed when the Philippines was granted independence in 1934.

The International District provided a port of entry for many Asian immigrants in the early 20th Century. Local merchants sold goods imported from China, Japan, and the Philippines. The neighborhood was also home to Chinese and Japanese contractors who recruited Asian laborers to work in local industries. Many Asian immigrants were single men who sought housing in hotels in the International District. Discrimination also restricted the housing options of Asians. Restrictive covenants prevented Asians from living outside of the First Hill, Central Area and Beacon Hill neighborhoods (Chin, 2001.)

Table 1 . Population of Seattle by Race, 1900-40

	1900	1910	1920	1930	1940
Black	406	2,296	2,894	3,303	3,789
Japanese	2,900	6,127	7,874	8,448	6,975
Chinese	438	924	1,351	1,347	1,781
Filipino	-	-	458	1,614	1,392
Native American	22	24	102	172	222
White	73,815	227,753	302,580	350,639	354,101
Other	-	70	49	60	42
Total	80,671	237,194	315,312	365,583	368,302

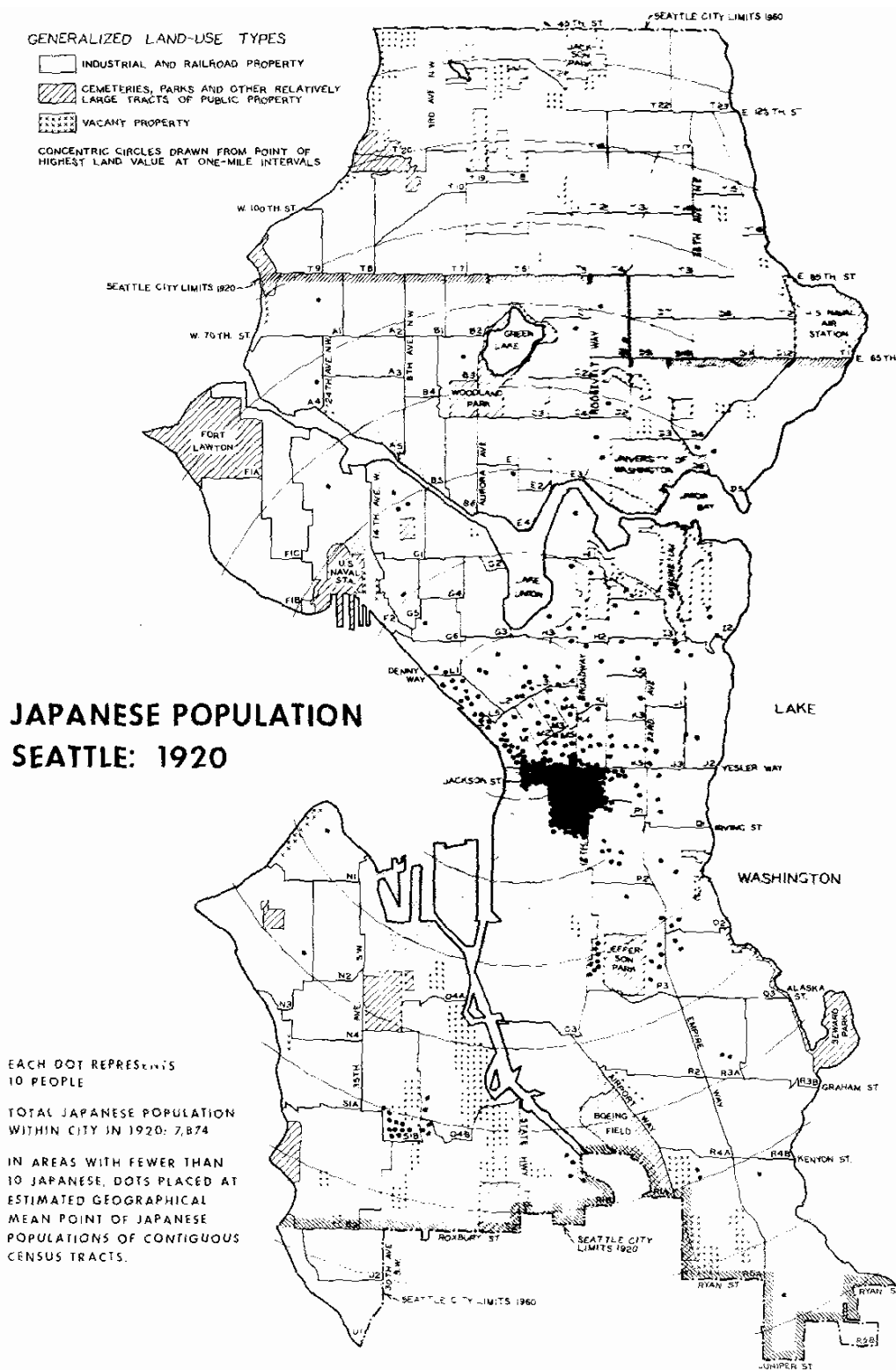
Source: Quintard Taylor, 1994

Segregation of African-Americans

Like other American cities, Seattle's African-American population was relatively integrated in the 19th Century (Taylor, 1994.) However, discrimination against black residents increased during the early decades of the 20th Century as more African-Americans moved to Seattle from the American South (see Table 2.) Unlike other U.S. cities, violence against African-Americans was rare (Taylor, 1994.) However, restrictive covenants were commonly used to keep black families out of white neighborhoods. One such covenant read:

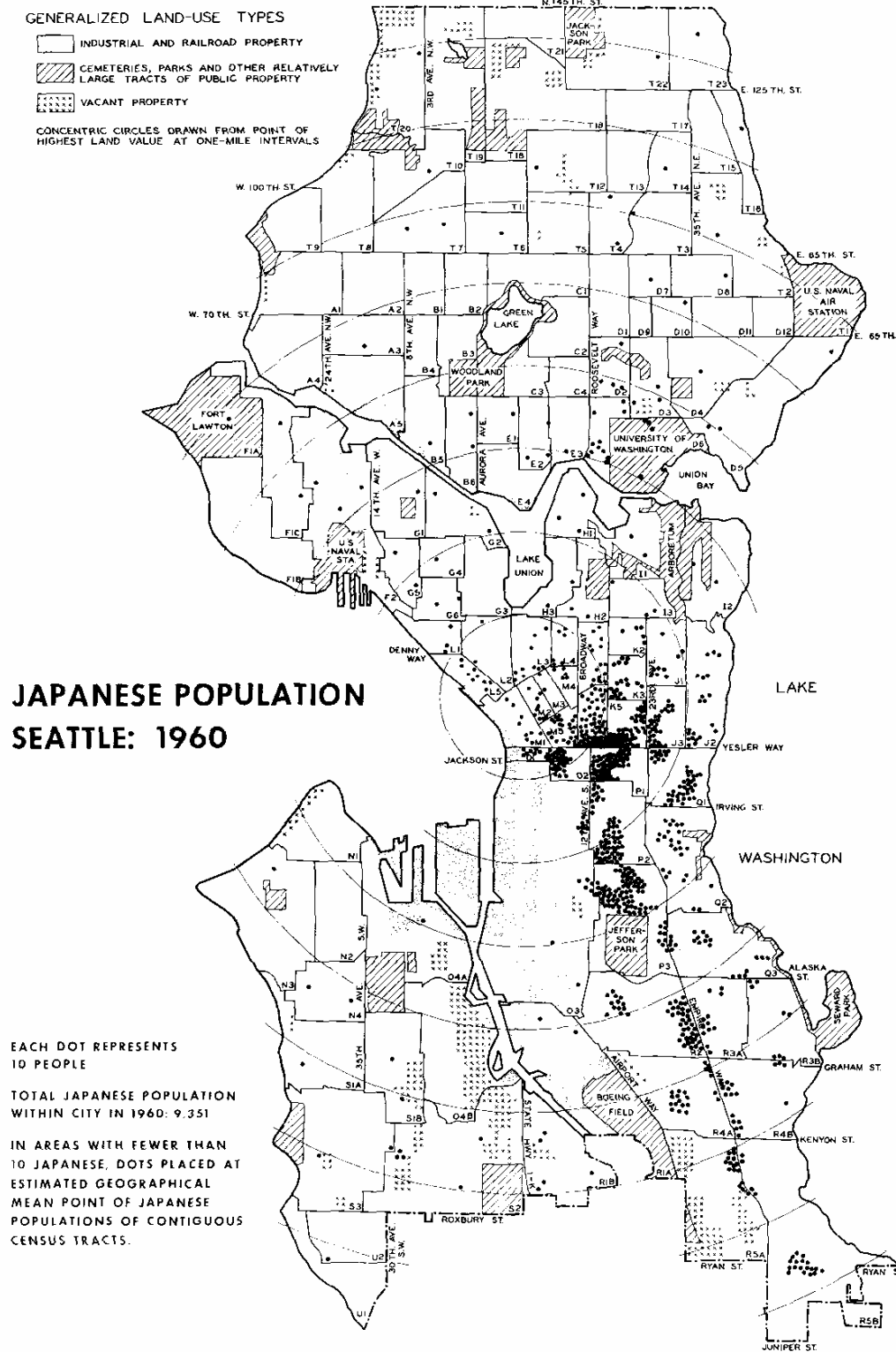
This deed is given pursuant to the provisions of a contract dated June 1, 1938. . . The purchaser must be of the white or Caucasian race and. . . the property is not to be sold, encumbered, conveyed, leased or rented to any person who is not of the white or Caucasian race. In the event of the violation of this covenant the title to the property shall revert to the (name deleted) Estate. This is also binding on the heirs, administration, successors and assigns of the purchaser.

Map 1. Japanese Population, 1920



Source: Calvin Schmid, 1968

Map 2. Japanese Population, 1960



Source: Calvin Schmid, 1968

By the 1930s, discriminatory covenants and other private acts of discrimination prevented African-Americans from living outside of the Central Area. However, the Central Area remained fairly diverse until the 1940s and did not resemble the all-black ghettos that were formed in the Northeast and Midwest between 1900 and 1940 (Taylor, 1994.) Homeownership rates in Seattle's African-American neighborhoods were also higher than those in other U.S. cities. In 1940, 29% of Seattle's African-Americans owned their own homes compared to 7.4% in Chicago, 10.5% in Cleveland and 4.1% in New York (Taylor, 1994.)

In the 1940s, the city's black population grew rapidly as African-Americans moved to the city to work in the growing defense industries. Discrimination from employers, however, limited the economic opportunities for Seattle's black community. Housing discrimination prevented these new residents from living outside of the Central Area. The growth of the black population coupled with the restrictions on where African-Americans could live led to overcrowding (Taylor, 1994.)

In the decades following World War II, Seattle's African-American population continued to grow. Between 1940 and 1960, the African-American share of the city's population increased from 1 to 4.8% (see Table 2.) Despite this growth, discrimination continued to limit the choices of black residents. In the postwar period, segregation actually increased. In 1950, 69% of African-Americans occupied ten census tracts in the Central District. By 1960, this same area contained 78% of Seattle's black population (Taylor, 1994.)

Table 2. African-American Population in Seattle, 1900-1960

Year	Black Population	Percentage Increase from Previous Decade	Total Population	Black Population as Percentage of Total Population
1900	406	42%	80,671	0.5%
1910	2,296	466%	237,194	1.0%
1920	2,894	26%	315,312	0.9%
1930	3,303	14%	365,583	0.9%
1940	3,789	15%	368,302	1.0%
1950	15,666	413%	467,591	3.4%
1960	26,901	72%	557,087	4.8%

Source: US Census, compiled by Quintard Taylor

While discrimination in the private market was widespread, the Seattle Housing Authority (SHA) sought to create integrated public housing projects. In fact, the SHA was one of the few housing au-

thorities that were truly committed to integration. Jesse Epstein, the director of the Seattle Housing Authority, stated: "We have the opportunity to prove that Negroes and whites can live side by side in harmony. . . but it's going to require skill and practice to make it work" (Taylor, 1994.)

The city's first housing project, Yesler Terrace, opened its doors in 1940. The project was located in the Central Area and some housing officials feared that it would further segregate African-American residents. Epstein decided to limit the percentage of black residents to 20% of the project's occupants to encourage integration. This decision was controversial and sparked criticism from the African-American community. The demand for decent affordable housing was high in the Central Area and the SHA policy limited the access of African-Americans. The Authority also angered some white residents when it opened integrated housing projects in the mostly white areas of West Seattle, Holly Park, and Rainier Vista (Taylor, 1994.)

Housing Quality in Minority Neighborhoods

African-Americans and Asians occupied some of the oldest parts of the city. By the 1950s and 1960s, the housing stock in the Central Area and the International District was beginning to decline. In 1960, one in four minority households lived in housing that was deteriorating or dilapidated (Seattle Department of Human Rights, 1976.) Low rates of ownership and redlining from banks prevented neighborhood residents from rehabilitating their homes. Discrimination prevented people of color from seeking higher quality housing outside of these neighborhoods. The decline of neighborhood conditions coupled with the burgeoning Civil Rights movement motivated many Seattleites to push for open housing laws.

The Civil Rights Movement and the Fair Housing Ordinance

Local activists were inspired by the national civil rights movement of the 1960s. While racism in Seattle was more subtle than in Southern cities, many African-Americans believed that it "differed only in intensity" (Taylor, 1994.) Minorities experienced discrimination from employers and unions, were barred from eating at downtown restaurants and were effectively excluded from living in white neighborhoods. Seattle's liberal image masked many of the problems faced by Seattle's black and Asian residents (Taylor, 1994.) Most whites were isolated from minority communities and indifferent to their concerns. According to historian Roger Sale:

"The deepest of our racial sins is ignorance. In the south, where whites and blacks have lived, however badly, for generations, that ignorance turned out to be shallower than in many parts of the north; in Seattle the ignorance runs deep. People here were uninterested in the Chinese in the 1880s, in the Japanese in the 1940s, in the blacks in the 1960s" (Sale, 1976.)

The challenge of Seattle's civil rights movement was awakening the consciousness of the white community and uncovering the subtle (and not so subtle) attitudes which promoted inequity. Civil rights activists succeeded in passing a Fair Employment Act in the state legislature in 1949 and promoted its enforcement during the 1950s and 1960s. Local chapters of the NAACP and the Urban League also fought to end housing discrimination (Taylor, 1994.)

The first attempts at integration occurred in the 1950s when the NAACP, the Urban League and the Jewish Anti-Defamation League began to quietly introduce people of color into white neighborhoods. These organizations formed the Fair Housing Listing Service which matched whites who were willing to sell or rent to minorities with Asians and African-Americans who were willing to leave the Central Area (Taylor, 1994.)

By the 1960s, civil rights activists changed tactics and began to advocate for a citywide open housing law. In 1957, the state legislature outlawed housing discrimination in the Omnibus Civil Rights Act. However, a King County judge overturned this provision of the law arguing that it restricted the rights of property owners. Organized protests and civil disobedience led to the creation of the Seattle Human Rights Commission in 1963 and the drafting of a fair housing ballot initiative in 1964. However, white opposition to fair housing was fierce and the initiative was defeated by a margin of 2 to 1 (Taylor, 1994.)

The defeat of the open housing ordinance intensified the debate over housing discrimination. In 1967, Republican Governor Daniel J. Evans encouraged residents to support fair housing: " I think all citizens of this state must search their own background to recognize that people ought to be able to live where economics and where their desires would put them" (quote in Taylor, 1994.) Civil rights activists increased the awareness of white residents about some of the problems facing African-Americans in Seattle. More voluntary efforts like the Fair Housing Listing Service were created to encourage integration. The Kirkland Fair Housing Organization and Operation Equity in Federal Way began providing minorities with information about available housing in these areas (Taylor, 1994.)

By the late 1960s, attitudes toward fair housing had changed. In 1968, the Seattle City Council passed an open housing ordinance by a unanimous vote. The ordinance, which was passed within weeks of Martin Luther King's assassination, was motivated partially by the Council's fears of civil unrest. However, its passage also reflected the profound changes that had been brought about by the city's civil rights movement (Taylor, 1994.)

CHAPTER TWO: MAJOR POINTS

- Historically, African-Americans have experienced higher levels of segregation than other racial and ethnic groups.
- The segregation of African-Americans was driven by both private actions and public policy.
- Private actors used violence, restrictive covenants, and discrimination to prevent black residents from moving into white neighborhoods.
- Public institutions refused to insure mortgages in racially integrated neighborhoods.
- Public housing authorities frequently sited public housing in low-income, minority areas.
- In Seattle, restrictive covenants and other forms of discrimination prevented Asians and African-Americans from living outside of the central parts of the city.
- The Seattle Housing Authority supported integration. However, SHA initially used restrictive quotas to ensure integration.
- In 1968, the Seattle City Council passed the Fair Housing ordinance just weeks after the assassination of Dr. Martin Luther King, Jr.

III. Changes in Segregated Housing

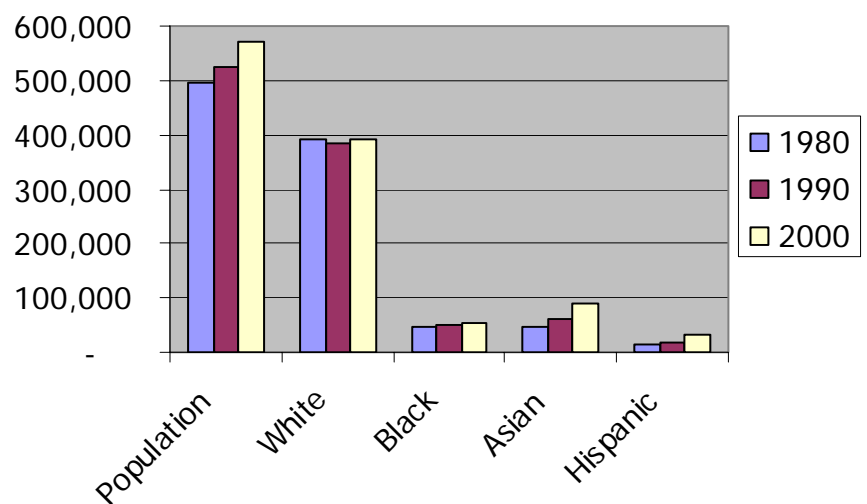
Demographic, Economic and Housing Trends

In 1976, the Seattle Human Rights Department noted that housing patterns had not changed dramatically since the passage of the Fair Housing Act. Minorities remained confined to a few neighborhoods in the central and southeastern portions of the city.

A lot has changed in Seattle since 1976. At that time, the city was losing population while the suburbs were rapidly expanding. Between 1960 and 1980, Seattle's population decreased by 11% while the surrounding suburbs more than doubled in size (City of Seattle, 2005, US Census, 2005.) The eighties, however, marked a turning point in this trend. Between 1980 and 2000, the city's population increased by 14% (City of Seattle, 2005.) The rate of growth in the suburbs slowed to 50% (US Census, 2005.)

Seattle's population has become increasingly diverse during the past 25 years (see Figure 2.) In 1980, 21% of Seattle's population were people of color while in 2000, minorities accounted for 32% of the city's population. Much of this change was driven by the arrival of immigrants from Asia and Latin America. During the 1990s, the number of foreign born Seattleites increased 41% (Geolytics, 2000.)

Figure 2. Population Changes in Seattle by Race and Ethnicity 1980-2000



The surrounding suburbs are becoming more diverse as well. In 1960, suburban King County was home to roughly 20% of the county's non-white population (Seattle Human Rights Department, 1976.) By 2000, 60% of the county's non-white population lived outside the city boundaries (Geolytics, 2000.)

Economic and Housing Market Trends

Much of the area's population growth can be attributed to increased economic activity. Between 1980 and 2000, the city added 145,000 jobs while the region's employment increased by 70% (Puget Sound Regional Council, 2005.) While real average incomes have risen, economic disparities between white and minority households persist. In 2000, African-American households earned 70% of the city's median household income while non-Hispanic white households earned 108% of the median. Hispanic and Asian households received 78% and 90% of the median income (U.S. Census, 2000.)

Economic and population growth have increased the demand for housing in the Puget Sound region. This increased demand has driven up the cost of renting and owning a home. In the 1990s, housing costs in Seattle increased by 10% for renters and 30% for homeowners while median income only increased 6.5% (City of Seattle, 2004.) Rising costs make homeownership increasingly unattainable for many middle and working class households. In 2003, the median sales price for a single family home in Seattle was \$310,000 (City of Seattle, 2004.) A household earning the median income of \$46,000 would have to spend more than half of their income on the mortgage payments and taxes on a \$310,000 house. (This calculation assumes a 6.5% interest rate on a 30-year fixed rate mortgage with a loan-to-value ratio of 90%.)

Racial and ethnic disparities also exist in housing outcomes (see Table 3.) Minorities in Seattle had lower homeownership rates than whites in 2000. Only one-quarter of Hispanic and one-third of African-American households owned homes compared to half of white households.

Table 3. Housing Tenure in Seattle by Race and Ethnicity, 2000

	Owners	Renters
Non-Hispanic White Households	51%	49%
Non-Hispanic Black Households	36%	64%
Non-Hispanic American Indian Households	27%	73%
Non-Hispanic Asian Households	46%	54%
Hispanic Households	25%	75%
Multi-Racial Households	32%	68%
Total	48%	52%

Source: Geolytics, Inc.

Changes in Minority Housing Patterns

In 1976, the Seattle Department of Human Rights found that “(w)hite and non-white areas or pockets are easily identifiable.” The boundaries surrounding racial and ethnic neighborhoods are usually openly acknowledged by city residents. In Seattle, the ship canal is commonly referenced as the traditional dividing line between whites and people of color (Wilson, 2005.) In 1960, the racial settlement patterns supported this story. Minorities accounted for less than 2% of the population in neighborhoods north of the ship canal (Seattle Human Rights Department, 1976.)

In the decades following the passage of the Fair Housing ordinance, the neighborhoods north of the ship canal became increasingly diverse. By 2000, none of Seattle’s neighborhoods were less than 12% non-white (see Table 4.) The proportion of non-white residents increased in all but one neighborhood, Garfield-Madrona. This neighborhood, which encompasses the Central Area, witnessed a decrease in its non-white population.

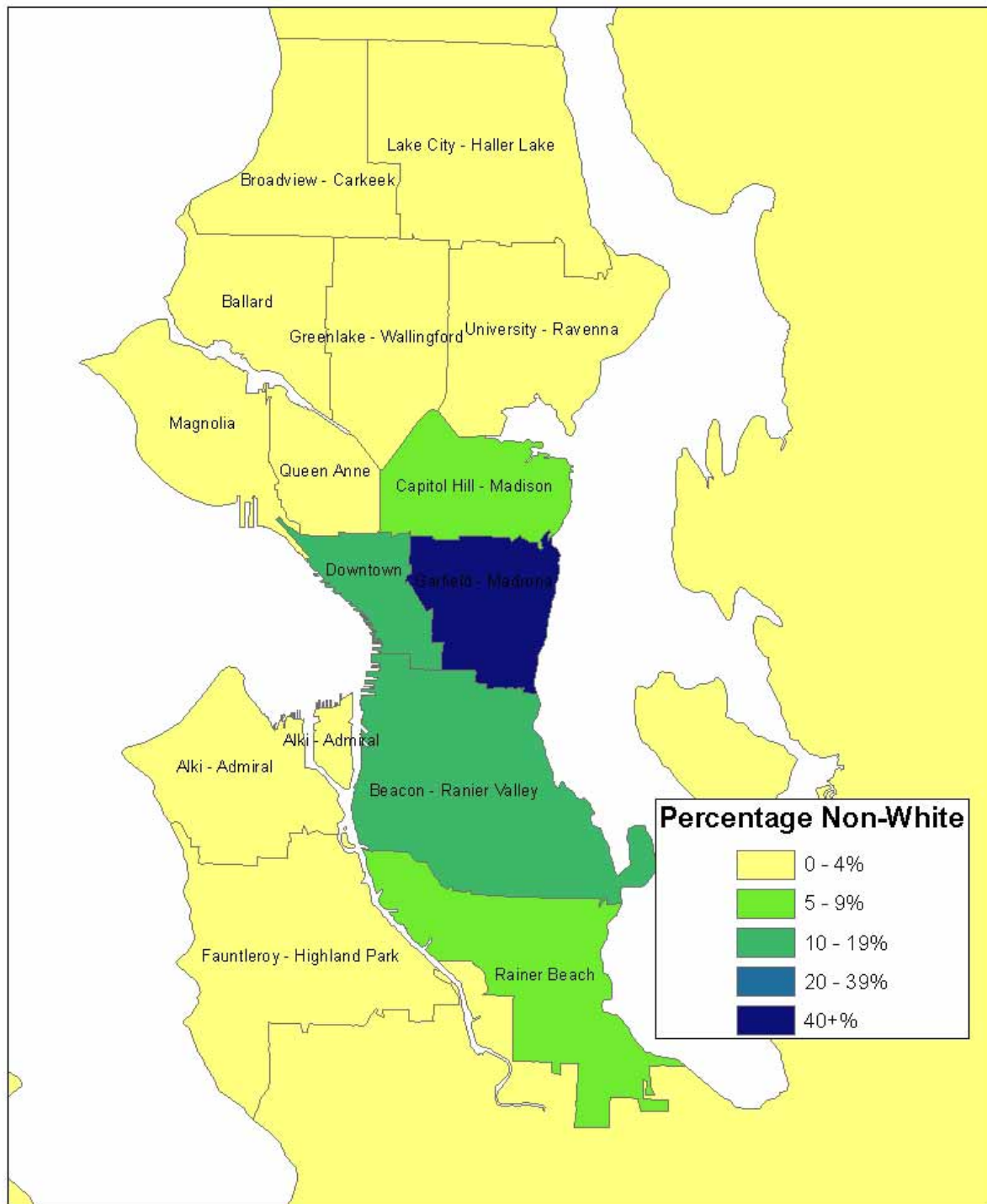
Table 4. Neighborhood Change in Seattle, 1960—2000

Neighborhood	1960	1970	1980	1990	2000	Percentage Point Change
Broadview – Carkeek	0.6%	1.5%	6.5%	14.1%	22.7%	22.1
Lake City - Haller Lake	0.6%	2.5%	9.7%	18.8%	27.6%	27.0
Ballard	0.4%	2.1%	7.0%	9.3%	12.4%	12.0
Greenlake – Wallingford	1.1%	3.9%	8.7%	11.3%	14.6%	13.5
University – Ravenna	1.7%	4.2%	12.1%	16.5%	20.1%	18.4
Magnolia	1.9%	3.2%	7.6%	10.8%	14.4%	12.5
Queen Anne	1.0%	3.4%	6.5%	8.5%	12.3%	11.3
Capitol Hill – Madison	5.0%	9.6%	11.4%	11.1%	12.6%	7.6
Downtown	15.7%	18.2%	27.3%	32.7%	36.9%	21.2
Garfield – Madrona	46.8%	52.0%	49.5%	45.5%	40.8%	-6.0
Alki – Admiral	0.8%	2.0%	7.9%	9.9%	15.2%	14.4
Beacon – Rainier Valley	15.1%	36.0%	58.4%	67.2%	69.1%	54.0
Fauntleroy - Highland Park	0.3%	5.9%	15.0%	26.2%	37.3%	37.0
Rainier Beach	7.9%	23.5%	54.5%	69.3%	78.9%	71.0

Source: Seattle Human Rights Department, 1976, Geolytics, 2000

Map 3.

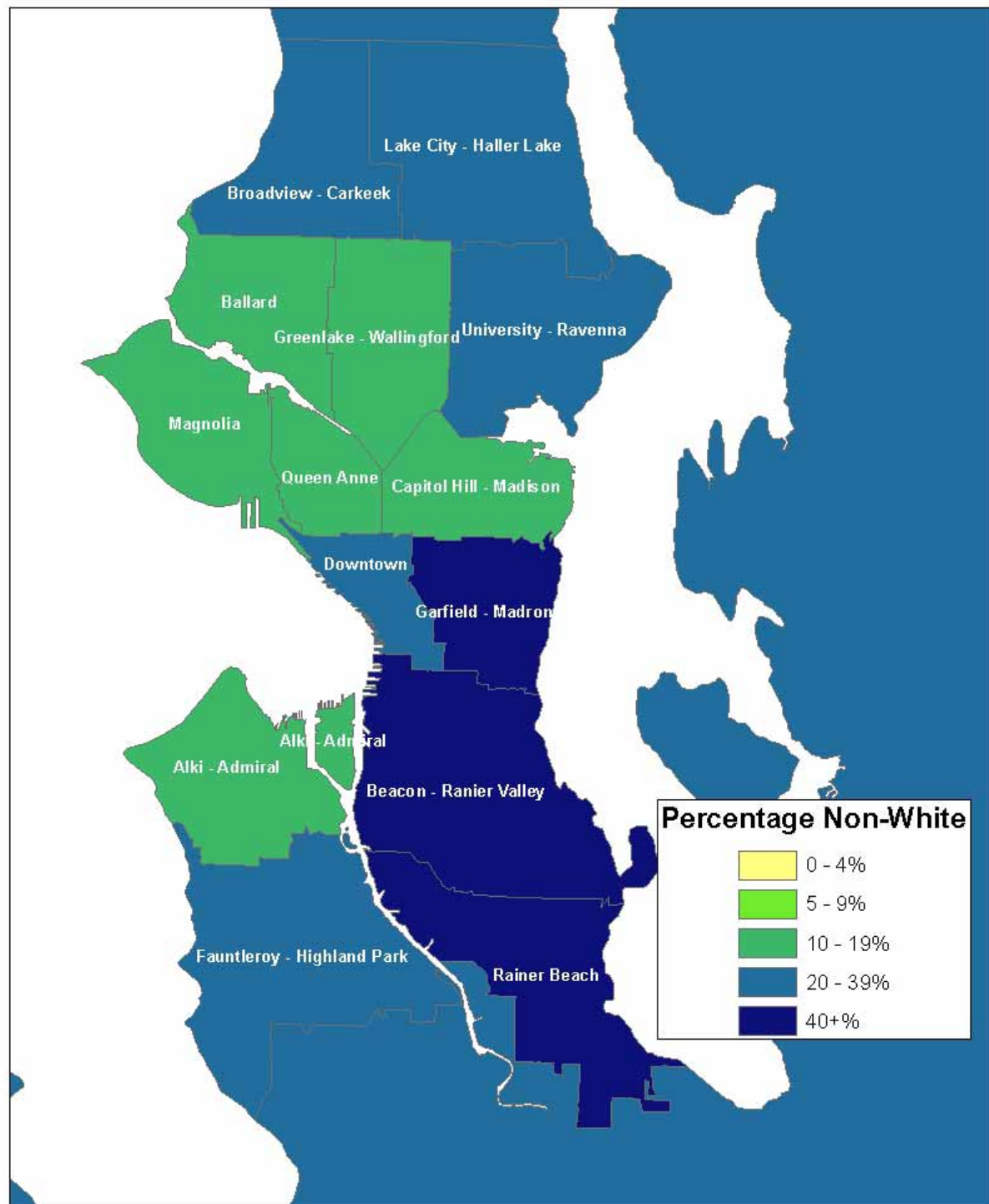
Percentage Non-White, 1960



Source: Seattle Department of Human Rights, 1976

Map 4.

Percentage Non-White, 2000



Source: Geolytics, 2000

While all areas have become more diverse, the most dramatic shift in racial composition occurred in the southern neighborhoods of Rainier Valley and Rainier Beach (see Map 5.) The non-white population increased by 54 percentage points in Rainier Valley and 71 points in Rainier Beach between 1960 and 2000. Looking beyond city boundaries shows us that many minorities have located in the suburban areas of King County (see Maps 6 –11 at the end of this chapter.) Between 1980 and 2000, the minority share of the Seattle suburbs increased from 7% to 23% (Geolytics, 2000.) In 2000, the share of minorities in the suburbs surpassed that of the city. In 2000, Seattle was 21% non-white while suburban King County was 23% non-white.

As the Seattle Human Rights Department pointed out in 1976, looking at the non-white population as a single group can be misleading. The settlement patterns of different racial and ethnic groups vary considerably and some groups are more segregated than others. For example, much of the increase in minority population north of the ship canal can be attributed to the growth of the Asian population in those areas (see Maps 6-11 at the end of this chapter.) This pattern can partially explained by the dramatic growth in the Asian population. Between 1980 and 2000, the proportion of Asians in Seattle increased from 9 to 15% while the proportion of African-Americans held steady at around 10% (Geolytics, 2000.)

Real differences exist between the settlement patterns of African-Americans, Asians, and Hispanics. In 1960, the African-American population was highly concentrated and clustered around the Central Area (see Map 6.) By 2000, a large proportion of African-Americans had moved the southern portions of the county (see Map 7.) The Asian population increased in all parts of the region (see Maps 8 and 9.) The share of Hispanics increased from 3 to 5% between 1980 and 2000 with higher concentrations of Hispanic residents locating in southern King County (see Maps 10 and 11.)

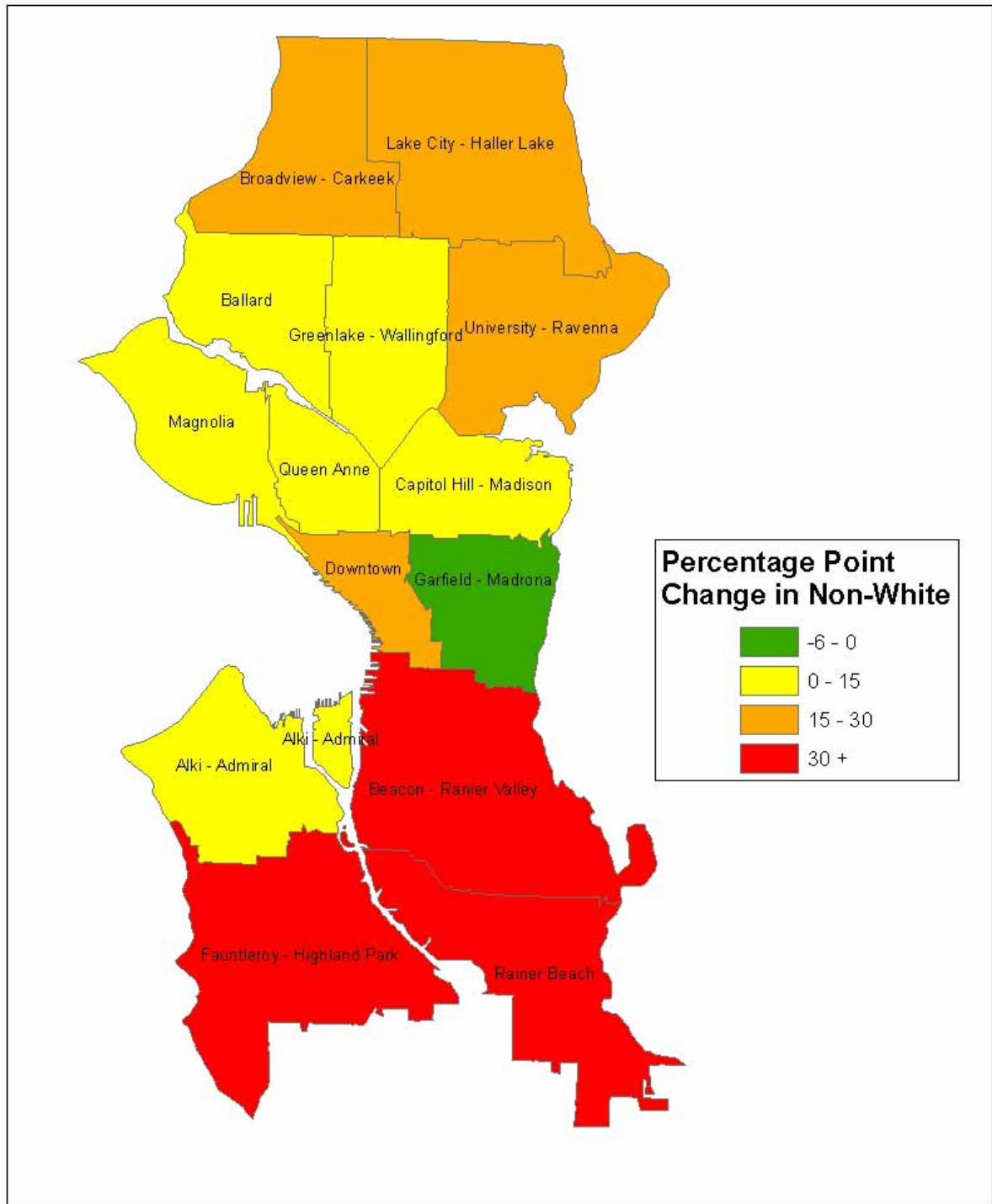
Changes in Segregation

Seattle's non-white population has become less geographically concentrated since the 1970s. In 1976, the Seattle Human Rights Department reported that 75% of Seattle's non-white population lived in the contiguous neighborhoods of Garfield-Madrona, Rainier Valley, and Rainier Beach (see Maps 3- 5 for neighborhood boundaries.) In 2000, slightly less than half of the city's non-white population occupied these three neighborhoods.

Researchers have developed a number of different methods to measure the different dimensions of segregation (Massey and Denton, 1988.) For simplicity's sake, I have chosen to use the dissimilarity

Map 5.

Percentage Point Change in Non-White Population, 1960 - 2000

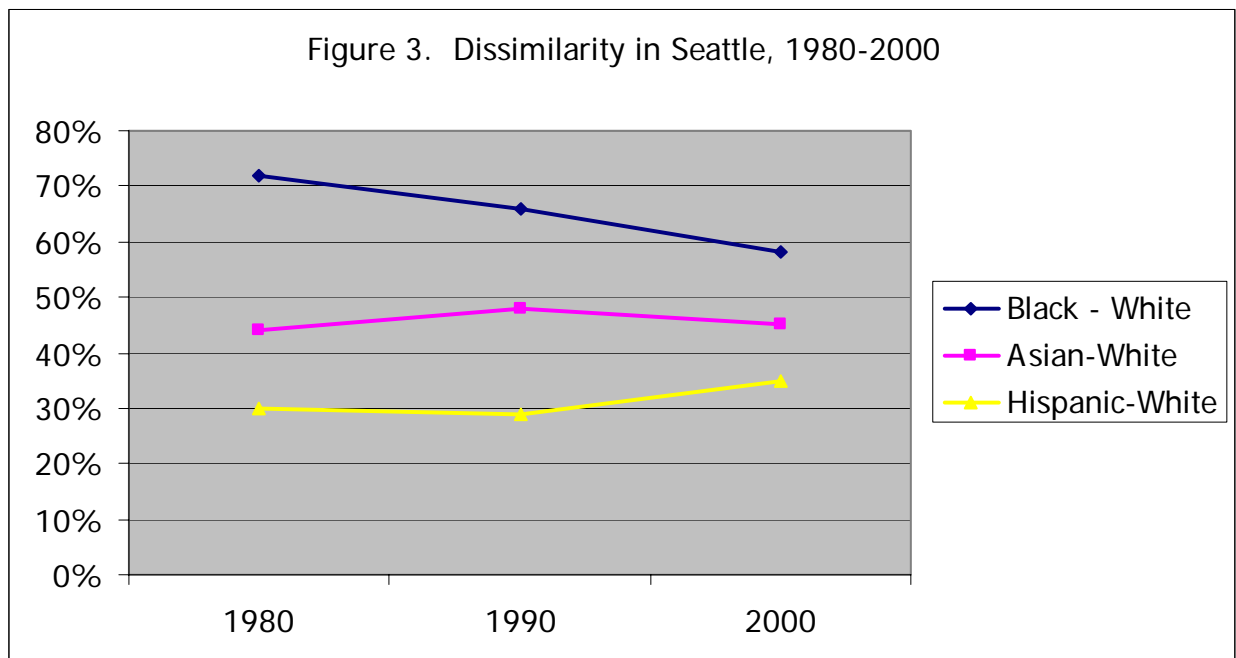


Source: Seattle Department of Human Rights, 1976, Geolytics, 2000

index to determine how housing patterns have changed over time.

The *dissimilarity index* measures how evenly two groups are distributed between different neighborhoods. A dissimilarity index of zero would indicate perfect integration. A dissimilarity index of 0.50 would indicate that 50% of the minority or majority population would have to move to create perfect integration. To construct dissimilarity indices for Seattle, I measured the evenness of distribution of groups across census tracts. This index is explained in more detail in the appendix.

The dissimilarity indices demonstrate that whites and African-Americans have become increasingly integrated during the past twenty years (see Figure 3.) Despite this trend, African-Americans are more segregated from whites than other minority groups. In 2000, the dissimilarity between whites and African-Americans was 0.58. This means that 58% of either whites or African-Americans would need to move to create perfect “similarity.” Segregation between whites and Asians has not changed dramatically since 1980. In 2000, dissimilarity between these two groups was 0.45. Hispanics have become slightly more segregated from non-Hispanic whites in the past ten years. However, Hispanics are still more integrated with whites than African-Americans.



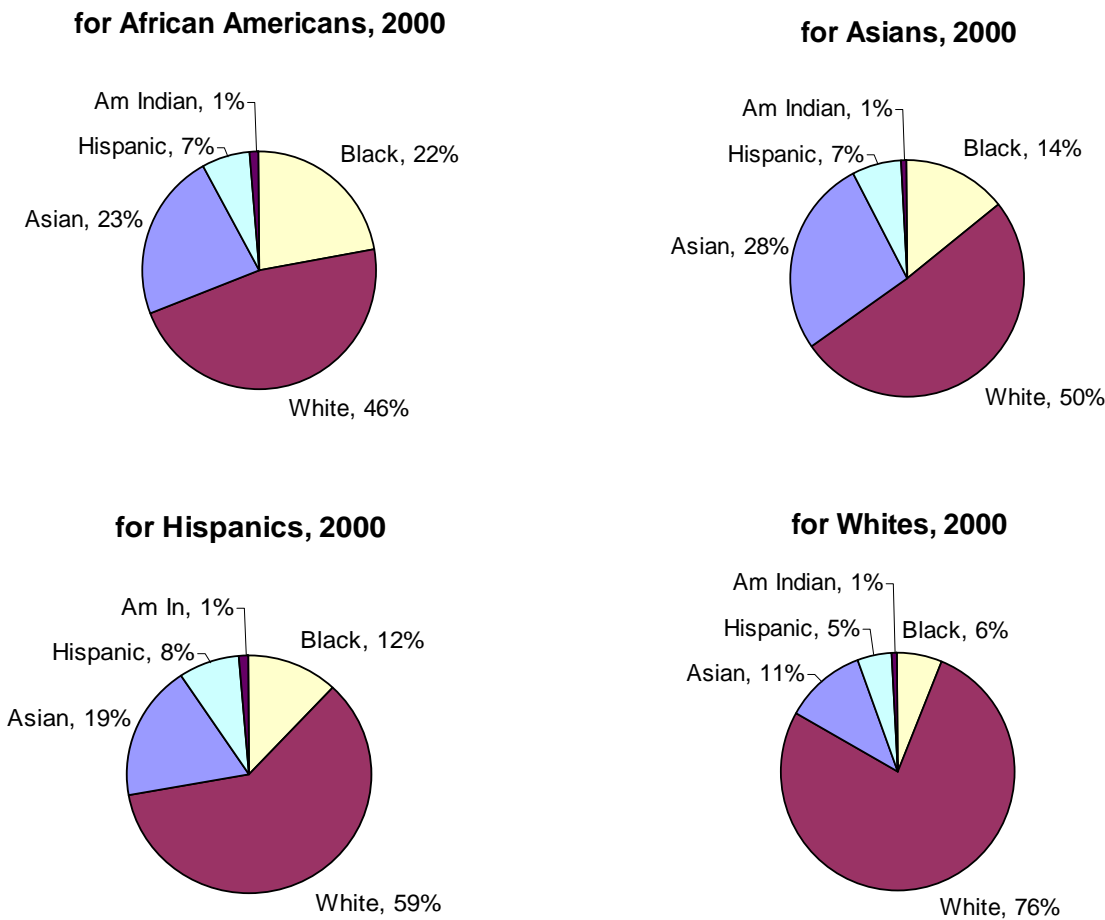
Source: Geolytics, 2000

High levels of dissimilarity between two groups do not indicate that these groups live in total isolation from one another. The *exposure index* measures the degree to which individuals are isolated from (or exposed to) people of other races and ethnicities. The index shows the “average” racial com-

position of a neighborhood for a typical member of each race or ethnicity. The exposure index is constructed by creating a weighted average of the characteristics of each neighborhood or census tract for each racial and ethnic group. Census tracts are weighted according to the share of the city's minority population within the tract. (A more detailed explanation of this index is included in the appendix.)

The exposure index demonstrates that many minorities in Seattle live in diverse communities (see Figure 4.) In 2000, the average African-American resident's neighborhood was 22% black, 23% Asian, 7% Hispanic and 46% white. Similarly, Asians and Hispanics typically live in racially integrated areas as well (see Figure 4.) The only group that is truly isolated is the white population. The average white resident's neighborhood was 76% white. This isolation is a product of both the high proportion of white residents in Seattle and racial and ethnic segregation.

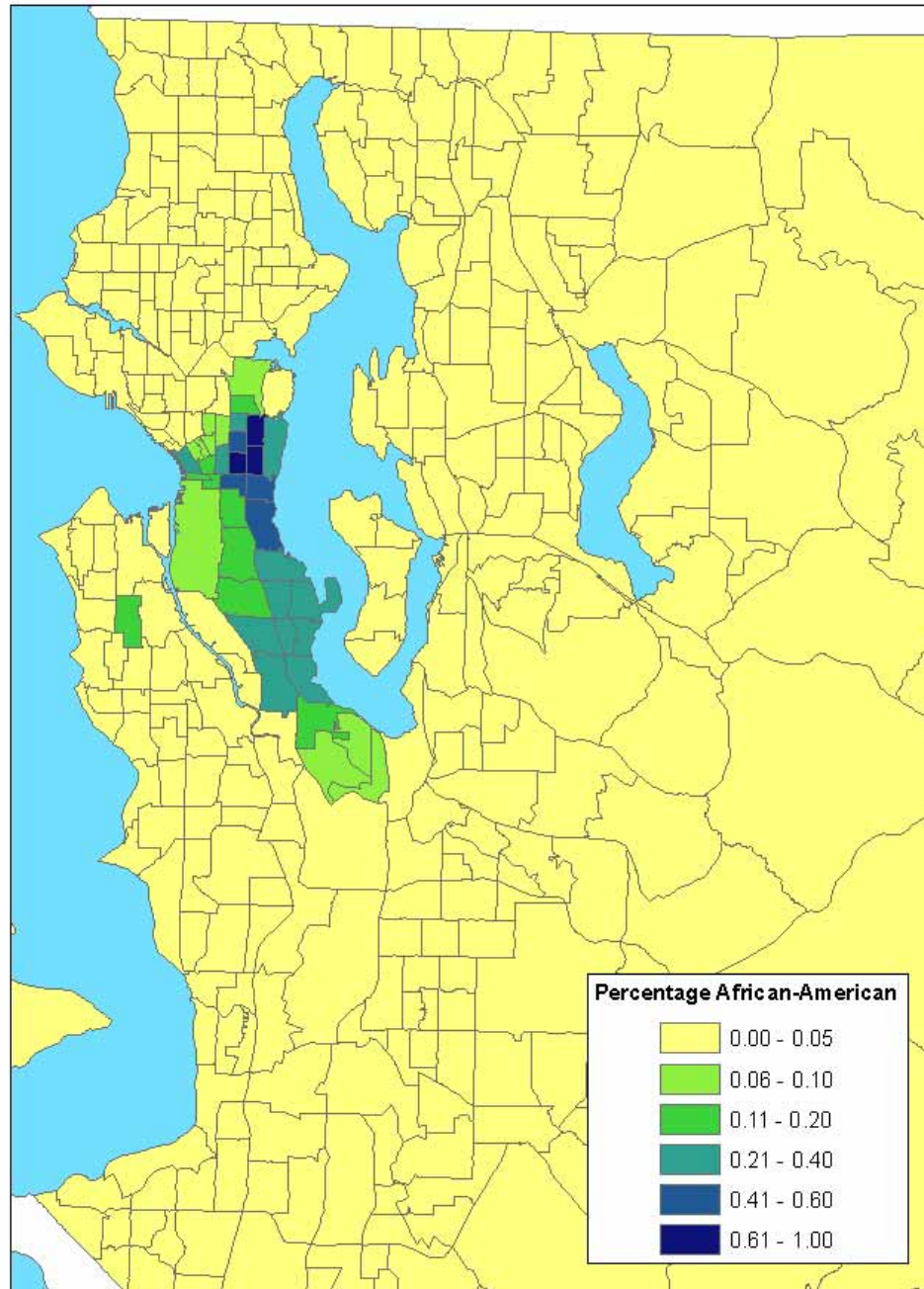
Figure 4. Exposure Indices by Race, 2000



Source: Geolytics, 2000

Map 6.

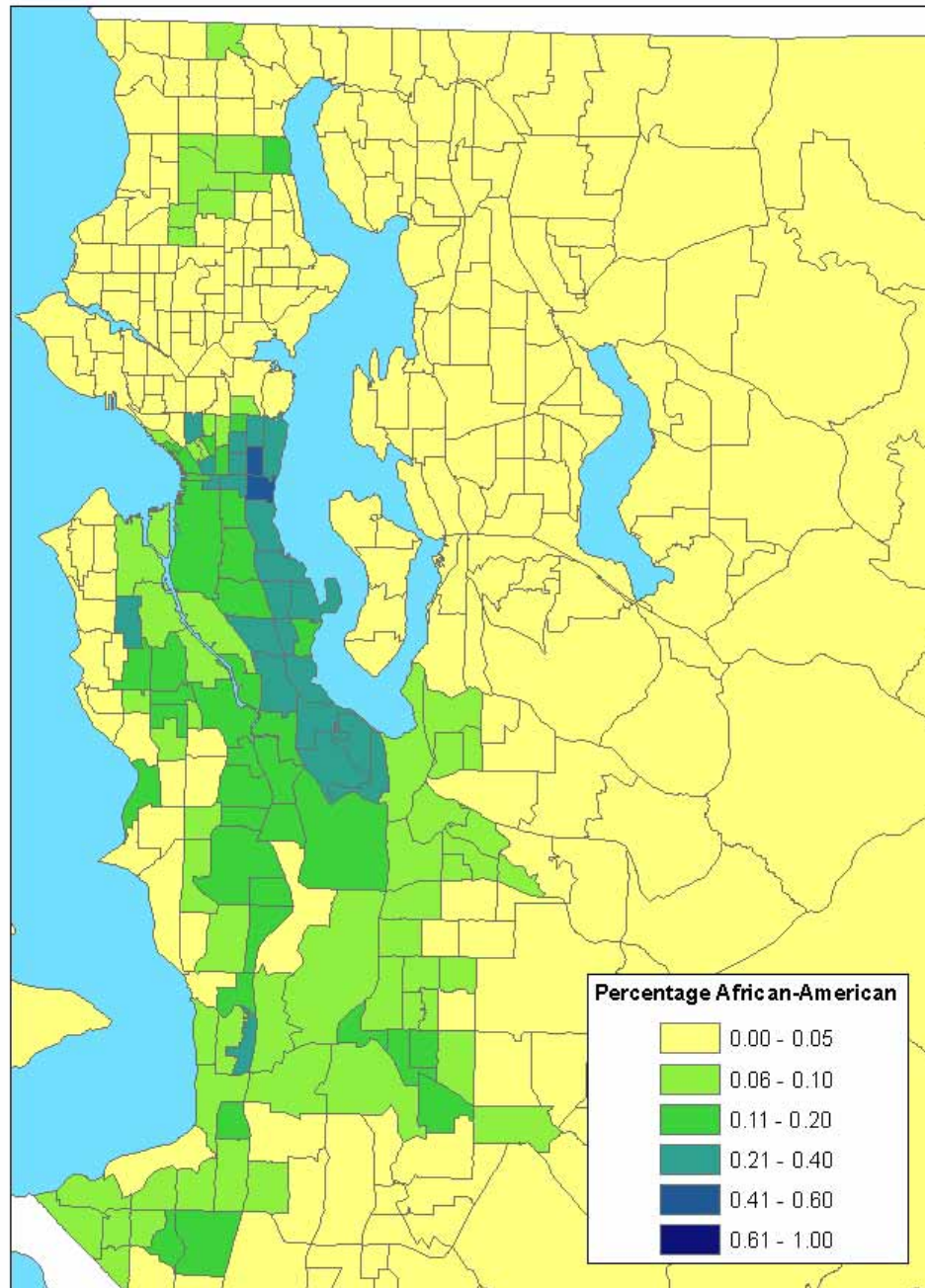
Percentage African-American, 1980



Source: Geolytics, 2000

Map 7.

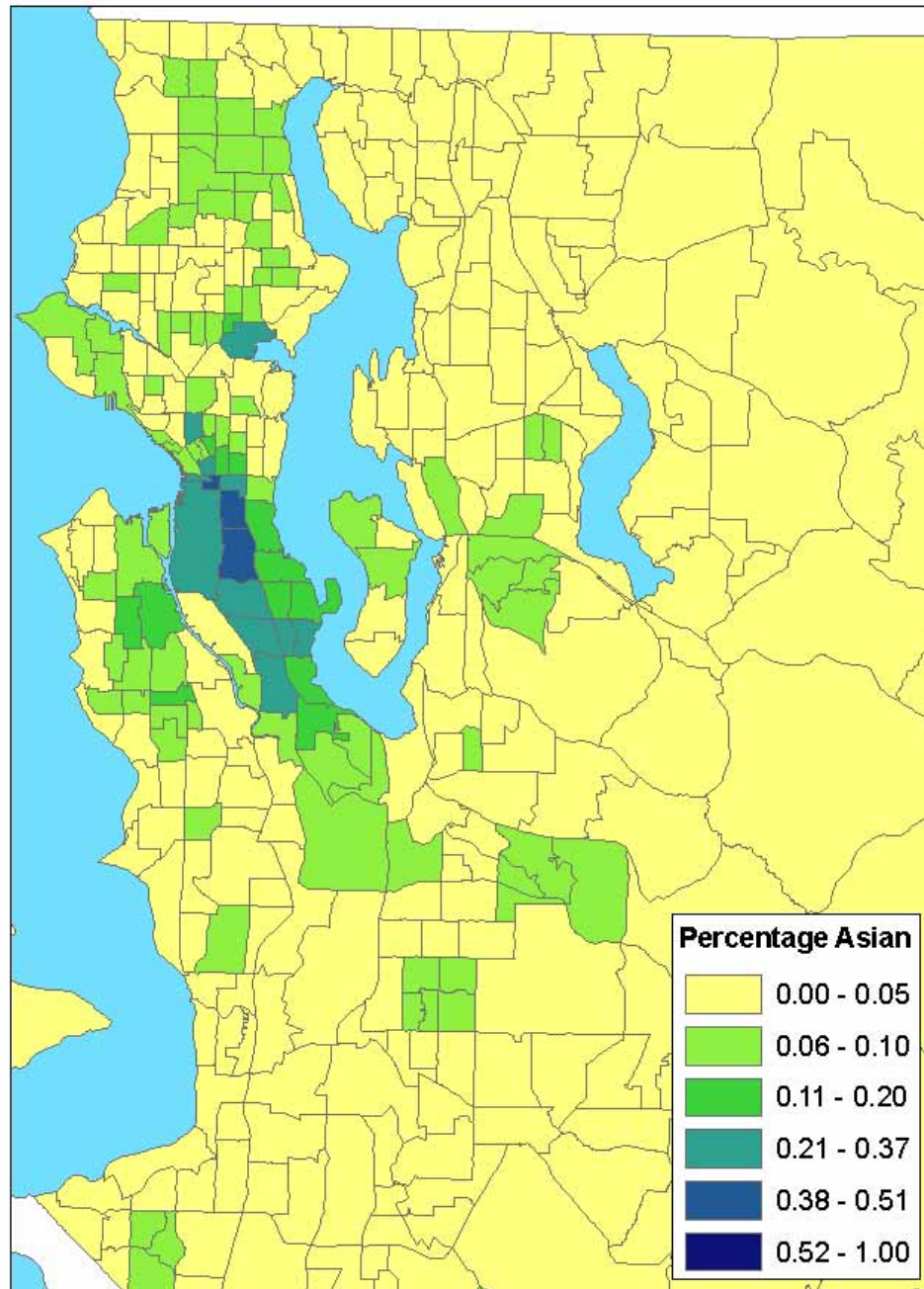
Percentage African-American, 2000



Source: Geolytics, 2000

Map 8.

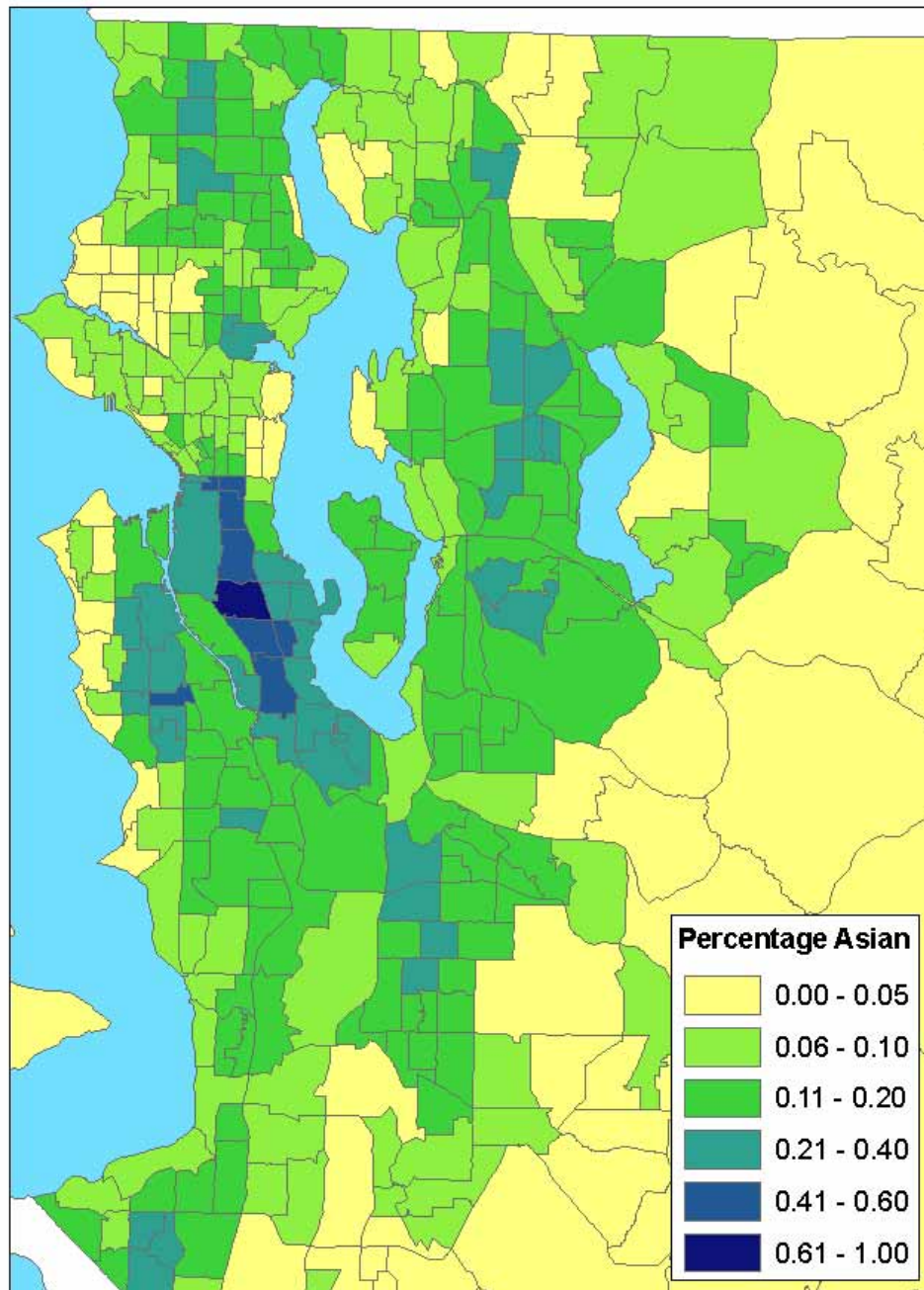
Percentage Asian, 1980



Source: Geolytics, 2000

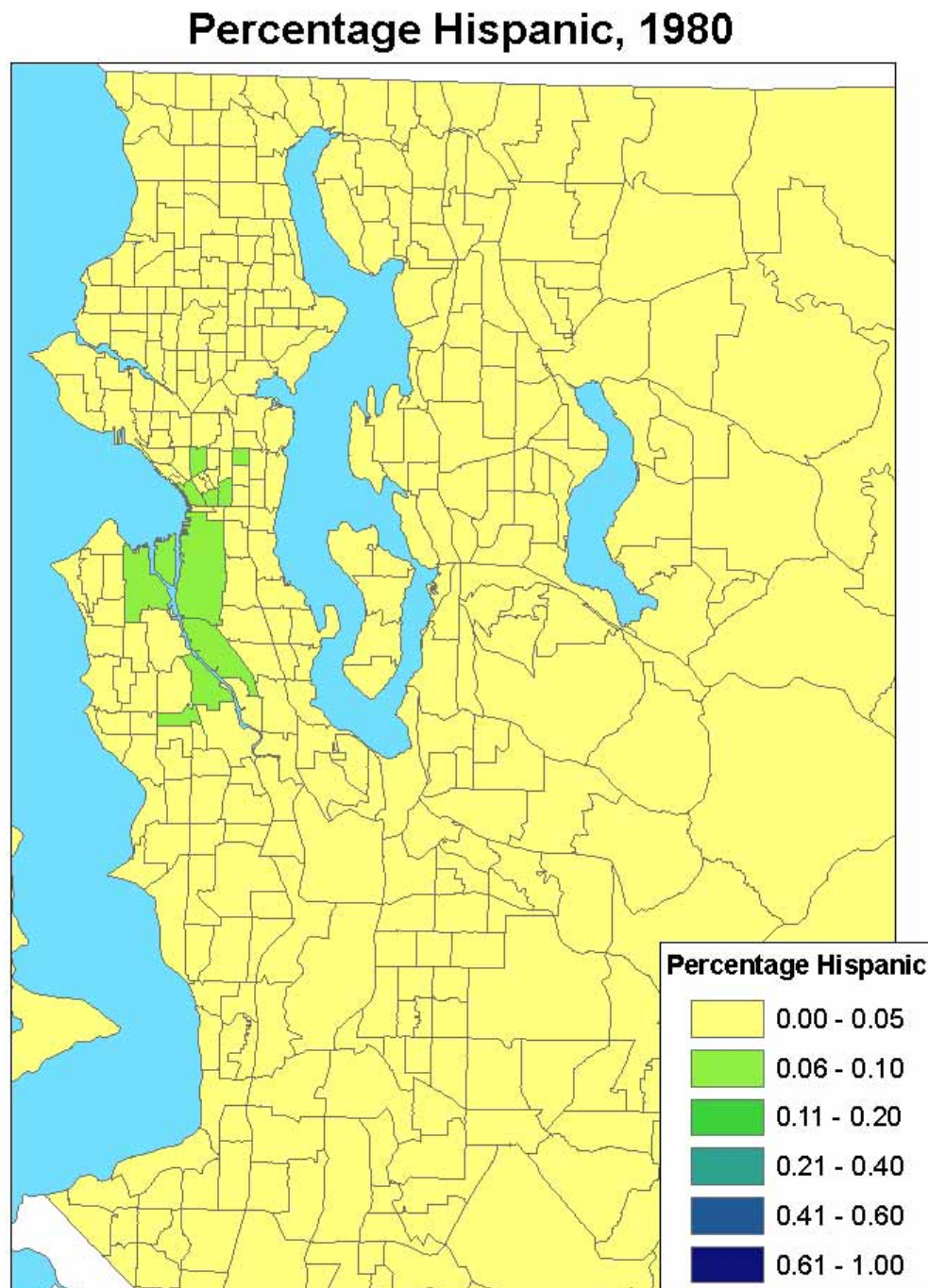
Map 9.

Percentage Asian, 2000



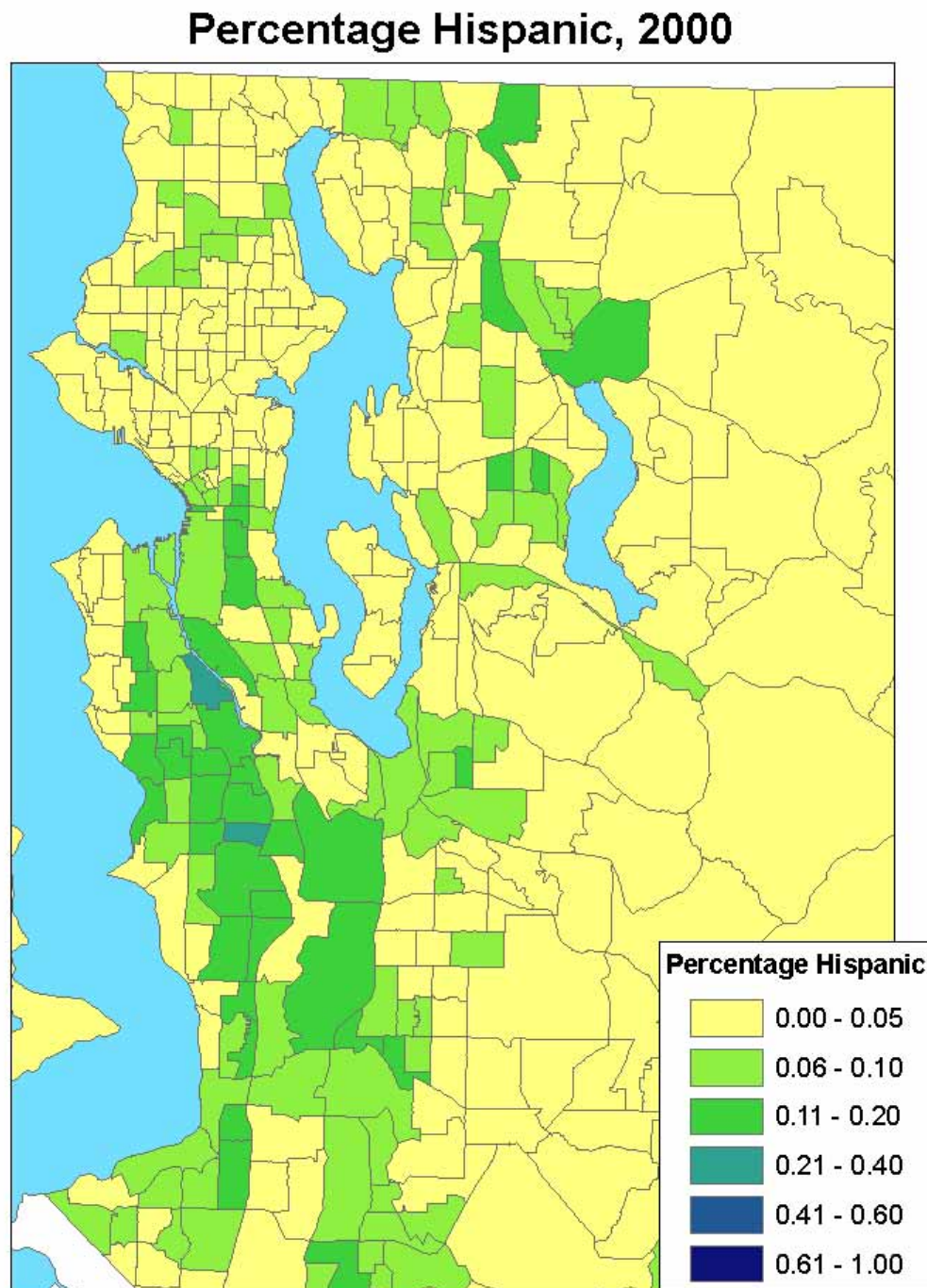
Source: Geolytics, 2000

Map 10.



Source: Geolytics, 2000

Map 11.



Source: Geolytics, 2000

CHAPTER THREE: MAJOR POINTS

- Seattle's population has become increasingly diverse. In 1980, 21% of Seattle's population were people of color. By 2000, minorities accounted for 32% of the city's population.
- Disparities in income and homeownership rates persist between non-whites and whites.
- In 2000, African-American households earned 70% of the city's median household income. Hispanic and Asian households received 78% and 90% of the median income.
- Only 25% of Hispanic households owned homes compared to half of white households. Thirty-six percent of African-American households owned homes in 2000.
- All of Seattle's neighborhoods have become increasingly diverse – even those located north of the ship canal. By 2000, none of Seattle's major divisions were less than 12% non-white (see Map 4.)
- African-Americans have become less segregated since 1980. Between 1980 and 2000, the dissimilarity index decreased from 0.72 to 0.58. (See the Appendix for more information on the dissimilarity index.)
- African-Americans are more segregated from whites than Asians or Hispanics.
- On average, minority residents in Seattle live in diverse neighborhoods that are not dominated by a single racial or ethnic group.

IV. Explanations of Segregated Housing

While Seattle has become more integrated, African-Americans remain segregated in the central and southeast portions of the city (see Map 7.) Experts generally attribute housing segregation to one of three factors: discrimination, economic access, or individual preferences (Farley, Fielding and Kysan 1997; Squires, 2004.) These three factors are not totally independent of one another. For example, white preferences to live in all-white neighborhoods can create incentives for real estate agents to discriminate (Yinger, 1995.)

Discrimination. The discrimination hypothesis contends that segregation is the result of discrimination by realtors, lenders, and insurance agents. Realtors discriminate against minorities by withholding information about available units, offering units at higher prices or rents, failing to follow-up with interested buyers or renters, and steering (i.e. exclusively showing people of color houses in minority neighborhoods.) Adverse treatment in lending can occur when a lender denies individuals credit based on racial rather than financial characteristics; provides less information or coaching about the lending process or forecloses on individuals who default on their mortgage payments (Yinger, 1995.)

There is ample evidence that discrimination limits housing opportunities for minorities. In 2003, the Department of Housing and Urban Development completed a nationwide study of housing discrimination. The study used paired testing to determine whether whites and minorities received differential treatment from realtors and rental agents. Pairs of white and minority individuals with similar characteristics visited real estate brokers to inquire about rental and sales units advertised in the local newspaper. The study found that whites consistently received preferential treatment over African-Americans in 21% of the rental tests and 17% of the home sales tests. Hispanics received consistent adverse treatment in 25.6% of the rental tests and 19.6% of the sales tests. The results of this study were compared to a similar study conducted by HUD in 1989. Researchers found that discrimination against African-Americans and Hispanics decreased slightly since 1989, but still remained high.

In 2003, HUD completed its first study of discrimination against Asians and American Indians. The study found that Asians receive adverse treatment at levels comparable to African-Americans in both the rental and sales markets. HUD found a 16.9% incidence of discrimination against American Indians. However, these tests were conducted in only three states and are not nationally representative.

Discrimination by realtors decreases the amount of information individuals receive about housing. This not only increases the costs of searching for a house, it can also influence housing outcomes. Armed with less information, minorities may have to settle for lower quality housing (Yinger, 1995.) Steering limits the options of minorities and directly contributes to segregation. The HDS study found that while discriminatory treatment has declined in the aggregate, the incidence of steering of African-Americans increased in the 1990s (U.S. Department of Housing and Urban Development, 2003.)

Discrimination in lending is more difficult to prove. Mortgage lenders use a complex set of underwriting standards to determine the creditworthiness of borrowers. These standards can include income, assets, credit history and the ratio of the loan to the value of the house. Underwriting standards vary by lender which makes it difficult for researchers to determine whether lending disparities are the result of racial discrimination or other factors (Ross and Yinger, 2002.) The most comprehensive investigation into lending discrimination was performed by researchers at the Boston Federal Reserve. The Boston Fed study found that African-Americans and Hispanics are 80% more likely to be denied a loan than whites even after controlling for a wide variety of borrower, property and neighborhood characteristics (Munnell et al, 1996.) The Boston Fed study was widely criticized by other scholars for not including the “right” set of explanatory variables. Despite this controversy, the report focused national attention on the problem of discrimination in lending.

In recent years, HUD has begun conducting paired tests on lending institutions. In 2002, HUD released a study on discrimination in the pre-application phase of the mortgage process. Testers visited lending institutions to ask some basic questions about what type of home they could afford and what types of loan products were available to them. Initial findings showed few significant differences in quotes for the loan amount. However, racial minorities were more likely to receive less information about loan products and less “coaching” on how they could improve their prospects of qualifying for a loan.

Economic Access. The economic access hypothesis argues that the lower earnings of minorities effectively concentrate families into low-income minority neighborhoods. In 2003, black households in the United States earned 62% of the income of whites households while Hispanic households earned 69% of non-Hispanic white households (U.S. Census, 2005.) Given these differences, one might expect that racial segregation is primarily caused by differences in income.

Economic segregation is encouraged by the concentration of public housing projects in poor neighborhoods and land use policies which restrict the construction of more affordable multi-family units in wealthier areas. Economic segregation has been steadily increasing since the 1970s. However, the poor are far less segregated than African-Americans. In 1990, the average dissimilarity between poor and non-poor individuals was 36.1 while the average dissimilarity between whites and African-Americans was 60.6 (Abramson, Tobin, and VanderGoot, 1995.)

If economics were the primary driver of segregation, one would expect to see decreased levels of segregation amongst higher income minorities. However, Massey and Fischer (1999) found that middle- and upper-class African-Americans are just as highly segregated from whites as lower income African-Americans. For Hispanics and Asians, segregation generally decreases as income rises. Economic access can explain some of the segregation of Hispanic and Asian-American households. However, this theory does not provide a sufficient explanation for the isolation of African-American households.

Preference. The preference hypothesis argues that segregation is the result of individual preferences to live in neighborhoods dominated by their own racial or ethnic group. Preferences can be motivated by a positive identification with race or ethnicity. For example, some minorities might feel more comfortable living in a neighborhood in which their native language is commonly spoken or they can easily obtain food from their country of origin. However, preferences can also be motivated by racial prejudice and bias. Some whites might exit integrating neighborhoods because they believe that their property values will decline. Additionally, some minorities might avoid moving to predominately white neighborhoods for fear of experiencing racial prejudice (Yinger, 1995.)

Clark (1992) found that while ethnocentrism is generally stronger among whites, minorities also have same-group preferences. A survey conducted in Los Angeles found that “average preference” of whites was to live in neighborhoods that were 76% white while African-Americans preferred on average neighborhoods that were 49% black (Clark, 1992.) However, very few African-Americans lived in neighborhoods that reflected these preferences. Clark argued that this was because white preferences prevented the formation of integrated neighborhoods in Los Angeles.

Freeman (2000) found that even when controlling for preference, wealth, income, and other socioeconomic factors, African-Americans are more segregated from whites than Asians or Latinos. This analysis suggests that discrimination can prevent black residents from living in their preferred neighborhood.

An alternative explanation is offered by Cutler, Glaeser, and Vigdor (1992.) White preferences might motivate some individuals to pay a premium to live in all-white neighborhoods. This could effectively increase the cost of housing in all-white neighborhoods. Minorities might not be willing to pay the extra cost to move into white areas. After controlling for housing condition and neighborhood quality, Cutler, Glaeser and Vigdor found evidence that whites were paying more for housing than African-Americans. More importantly, this cost differential increased in metropolitan areas that were more highly segregated suggesting that preferences could create an economic barrier to integration.

Explaining Segregation in Seattle

Since the 1960s, Seattle's neighborhoods have become more integrated as the city has become more racially and ethnically diverse. Despite these changes, minorities remain segregated from whites. In this section, I will determine the extent to which discrimination, economic access and preferences explain the changes in minority settlement patterns.

Discrimination in Seattle

Housing discrimination can occur when an individual contacts a real estate broker or rental agent, visits a house or apartment, applies for a loan or tries to obtain home insurance. There is some evidence that discrimination is occurring in Seattle. Paired tests and lending data show patterns of disparate treatment from rental agents and lenders. However, more research needs to be done to measure the full extent of discrimination in Seattle.

Discrimination from Rental Agents. In 1999, the Office for Civil Rights conducted 30 paired tests to study the incidence of racial discrimination in the rental market. In seven of those tests, black individuals received adverse treatment (Seattle Office for Civil Rights, 2000.) However, the sample size used for the test was too small to be able to make any conclusions about the overall incidence of discrimination.

Discrimination from Lenders. In 2004, Calvin Bradford and Associates used HMDA data to investigate lending patterns in King County. Bradford found that African Americans and Hispanics of *all* income levels faced difficulties securing conventional home loans. (Conventional loans are defined as loans that are not insured by the federal government.) African-Americans and Hispanics were twice as likely as whites to be rejected for conventional loans. Even after controlling for income, these two groups experienced higher loan failure rates than whites (see Figure 5.)

Figure 5. Racial / Ethnic Failure Rates for 2000-2002 Conventional Home Purchase Applications by Income Range

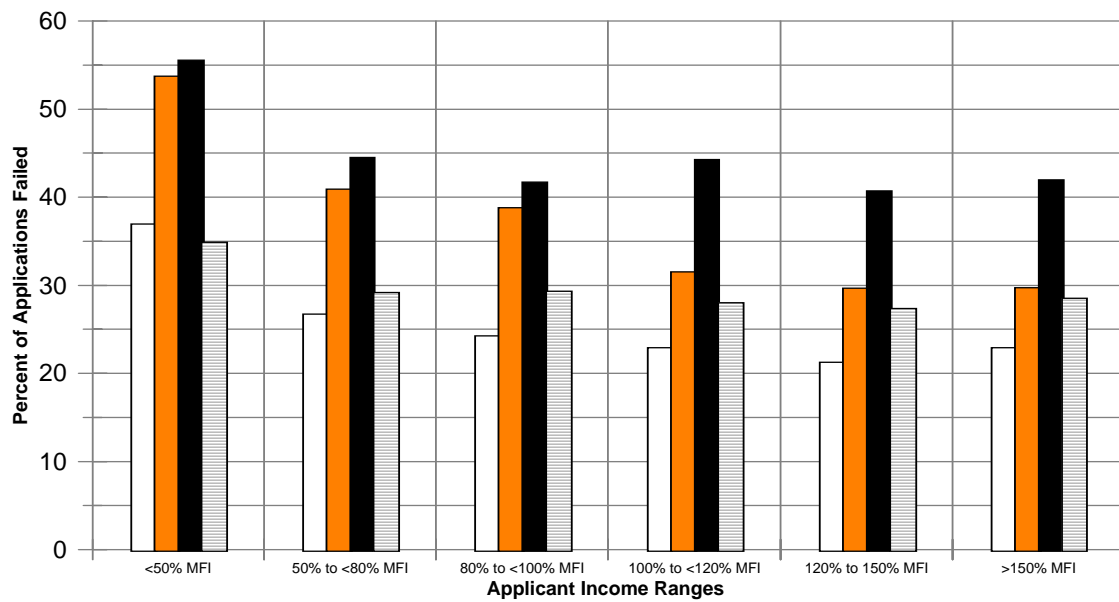
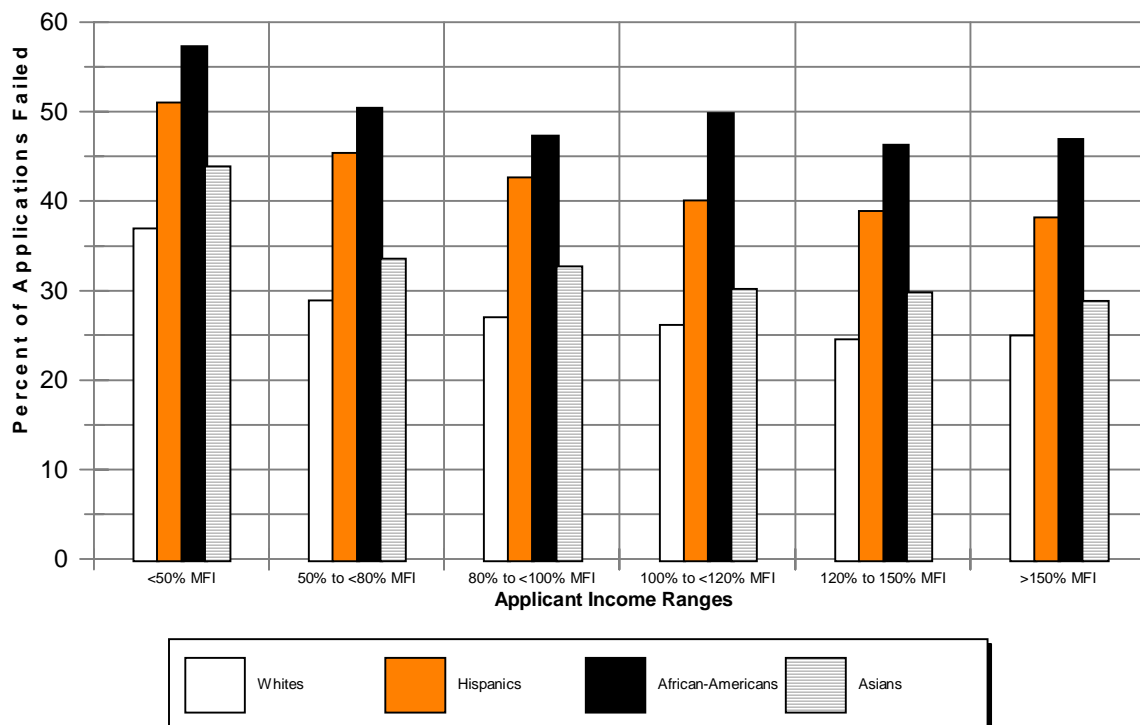


Figure 6. Racial / Ethnic Failure Rates for 2000-2002 Conventional Refinance Applications by Income Range



Source: Calvin Bradford and Associates, 2004

Given the low approval rates for conventional financing, many minorities have turned to government sponsored mortgages. Government sponsored mortgages are loans that are insured by the Federal Housing Administration (FHA.) Federal mortgage insurance decreases the likelihood that the loan will be rejected by the lender, but it increases the costs to the borrower (Ross and Yinger, 2002.) FHA loans are capped and generally targeted to lower-income individuals. In King County, Hispanics received FHA loans at 3.4 the rate of whites while African-Americans received FHA loans twice as often as whites (Bradford, 2004.)

Table 5. Racial Disparities in Mortgage Lending in King County, 2000-2002

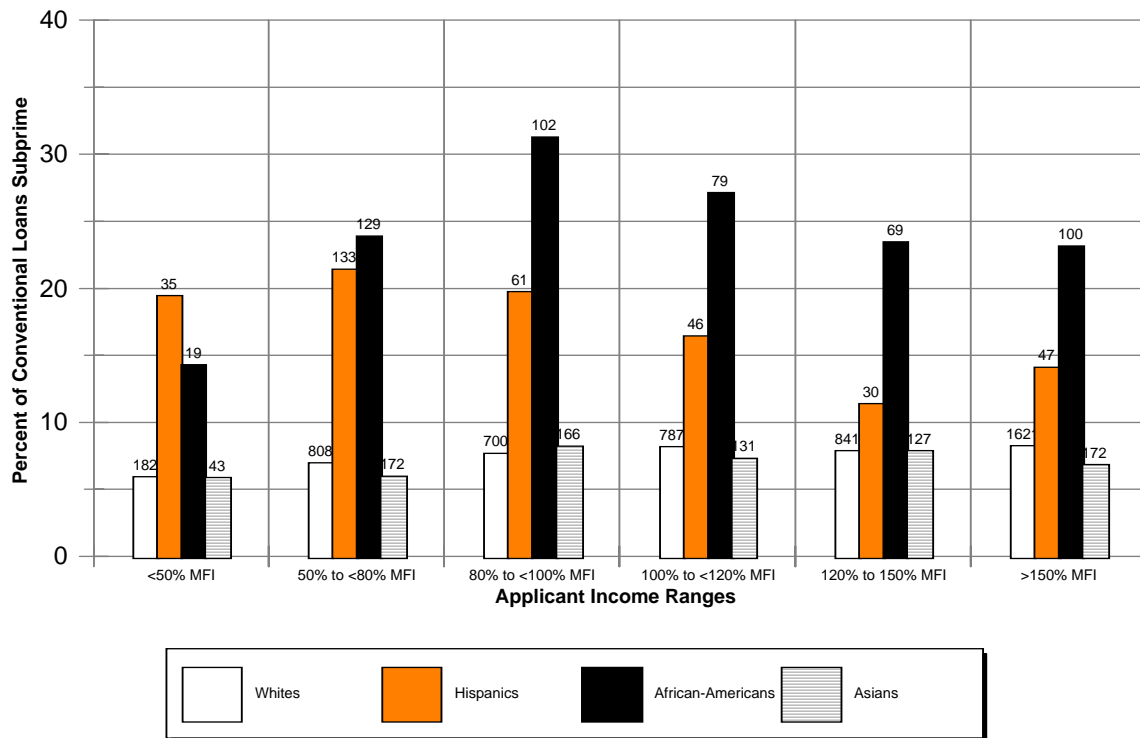
	Disparity Rate for Loan Rejections	Disparity Rate for % Loans FHA	Disparity Rate for % Loans Subprime
Black-White	2.18	2.07	3.11
Hispanic-Non Hispanic White	2.08	3.43	2.25
Asian - White	Not Available	0.65	0.94

Source: Calvin Bradford and Associates, 2004

Sub-prime loans are another option for individuals who have been rejected by conventional lenders. Sub-prime loans are offered at higher interest rates than conventional loans. Sub-prime loans are generally offered to individuals who are perceived as being a high risk for default on their loan payments. However, some lenders offer more favorable terms to white applicants who have similar credit risks to minority applicants. Racial discrimination can push minorities into the sub-prime market. Predatory lending is a subset of the sub-prime lending. Predatory lenders charge unusually high interest costs that are not justified by the credit risk posed by the client. Some predatory lenders intentionally withhold information about the terms of the loan to trick customers into paying higher costs (Bradford, 2002; Ross and Yinger, 2002.) In King County, African-Americans and Hispanics were far more likely to receive sub-prime loans for home purchases and refinancing. These racial disparities persisted even after controlling for income (see Figure 7.)

The disparities identified by Bradford and Associates do not *definitively* prove discrimination because this analysis does not take into account the full range of variables considered by a mortgage broker (Ross and Yinger, 2002.) These variables include individual credit history, collateral assets and the size of the down payment. However, the disparities are so large that it would be difficult to argue that discrimination is not a problem in King County. The fact that lending disparities cut across income levels demonstrates that the disparities are not purely based in economics. It is particularly disturbing that

Figure 7. Racial / Ethnic Rates of Subprime Home Purchase Loans for 2000-2002



Source: Calvin Bradford and Associates, 2004

minorities have a harder time refinancing their homes because these individuals have already proved their creditworthiness by securing a mortgage (Ross and Yinger, 2002.)

Discrimination from Insurance Agents. The Washington State Insurance Commission does not collect data on home insurance denials (Findley, 2005.)¹ Without this basic information, it is difficult to examine racial disparities in home insurance.

The Relationship between Discrimination and Segregated Housing Patterns

Housing discrimination limits the choices of minority home seekers. Discrimination from realtors and rental agents can block an individual's access to a predominantly white neighborhood or steer individuals to predominantly minority neighborhoods. While these practices are occurring in Seattle, there is not enough data available to document the full effects of real estate discrimination on minority housing patterns.

The relationship between lender discrimination and housing segregation is less straightforward. Disparate treatment from lenders certainly affects the rate of homeownership amongst minorities. In Seattle, only 36% of African-American households owned homes compared to 51% of whites (Geolytics, 2000.) However, if adequate rental housing is dispersed throughout a region, then the denial of credit may not have a direct impact on *where* minorities can live. Disparate treatment can also increase the costs of homeownership. Minorities are more likely to take out sub-prime loans with higher interest rates. The higher cost of homeownership could be an economic barrier to housing choice.

Discrimination can also affect the choices of white residents. Redlining has historically created incentives for whites to live in segregated neighborhoods. In the 1930s and 1940s, government agencies rated integrating neighborhoods as high risk for mortgage default. This limited access to credit in diverse areas. Long-term disinvestment can bring down property values in a neighborhood which in turn could make minority neighborhoods less attractive to white residents.

Economic Access and Segregation

There is some evidence to support the argument that racial segregation is being driven by economics. In King County, housing costs are generally higher in census tracts with a higher percentage of white residents (see Table 6.) Higher prices could be a barrier to minorities who, on average, earn less than whites (see Table 7.)

Table 6. Correlations Between Average Home Costs and Racial Composition of King County Census Tracts, 2000

	Median Rent	Median Owner Costs	Median Home Value
Proportion White	0.396	0.436	0.409
Proportion Black/African American	-0.387	-0.380	-0.324
Proportion Asian	-0.166	-0.266	-0.258
Proportion Hispanic/Latino	-0.432	-0.382	-0.407

Source: Geolytics, **Note:** all correlations are significant at the 0.01 level

Economic access is further restricted by the rising costs of housing. In recent years, local housing costs have outpaced the growth in personal income. Between 1990 and 2000, the median home value in King County increased 68% while the median income increased by only 45% (Carlson and Mathur, 2004.) The median rent increased 49%.

Table 7. Earnings Disparities by Race and Ethnicity, 2000

	Seattle		King County	
Median household income in 1999	46,466	100%	53,157	100%
White	49,940	108%	56,142	106%
Black	32,503	70%	35,172	66%
Asian	42,048	91%	50,864	96%
Hispanic	36,419	78%	39,971	75%

Source: U.S. Census

Some areas of the county are more accessible to low- and moderate-income families than others. For the purposes of this analysis, low-income households are defined as those households earning less than 50% the county median income.² Moderate income families are those that earn less than 80% of the median. In 2000, 63% of African-Americans and 59% of Hispanics were classified as low or moderate income (see Table 8.) Affordable housing costs are defined as rents or ownership costs that equal 30% or less of a household's income. Map 12 shows the census tracts in which the median rent is affordable to low-income families. These affordable areas are geographically concentrated in south King County. Not coincidentally, these areas also have higher than average concentrations of minorities. Only a handful of census tracts have median rents that are beyond the means of moderate-income families (see Map 13.)

Table 8. Percentage of Seattle Households Classified as Low or Moderate Income

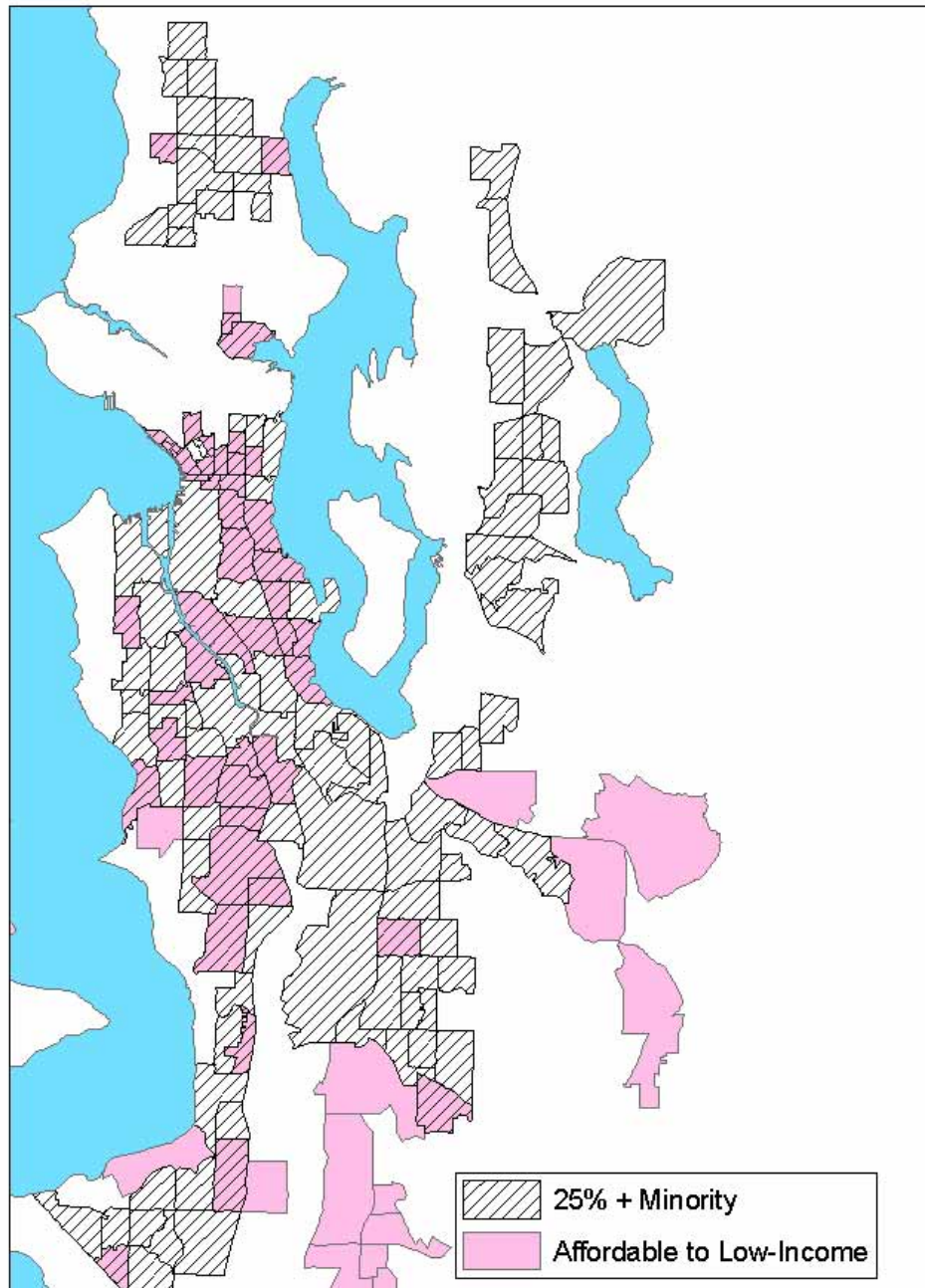
White	39%
Black	63%
Asian	54%
Hispanic	59%

Source: City of Seattle, 2004

By contrast, there are very few areas of the County that are affordable to moderate-income families looking to purchase a home. In 2000, there were only 7 census tracts in which median home owner costs were affordable to moderate income families (see Map 14.) Map 15 shows the ratio of the median homeowner cost in each census tract to costs that are affordable to families earning 80% of the county median income. Once again, the affordable areas overlapped with areas that have above average concentrations of minorities.

Map 12.

Affordability of Median Rent to Low-Income Households, 2000

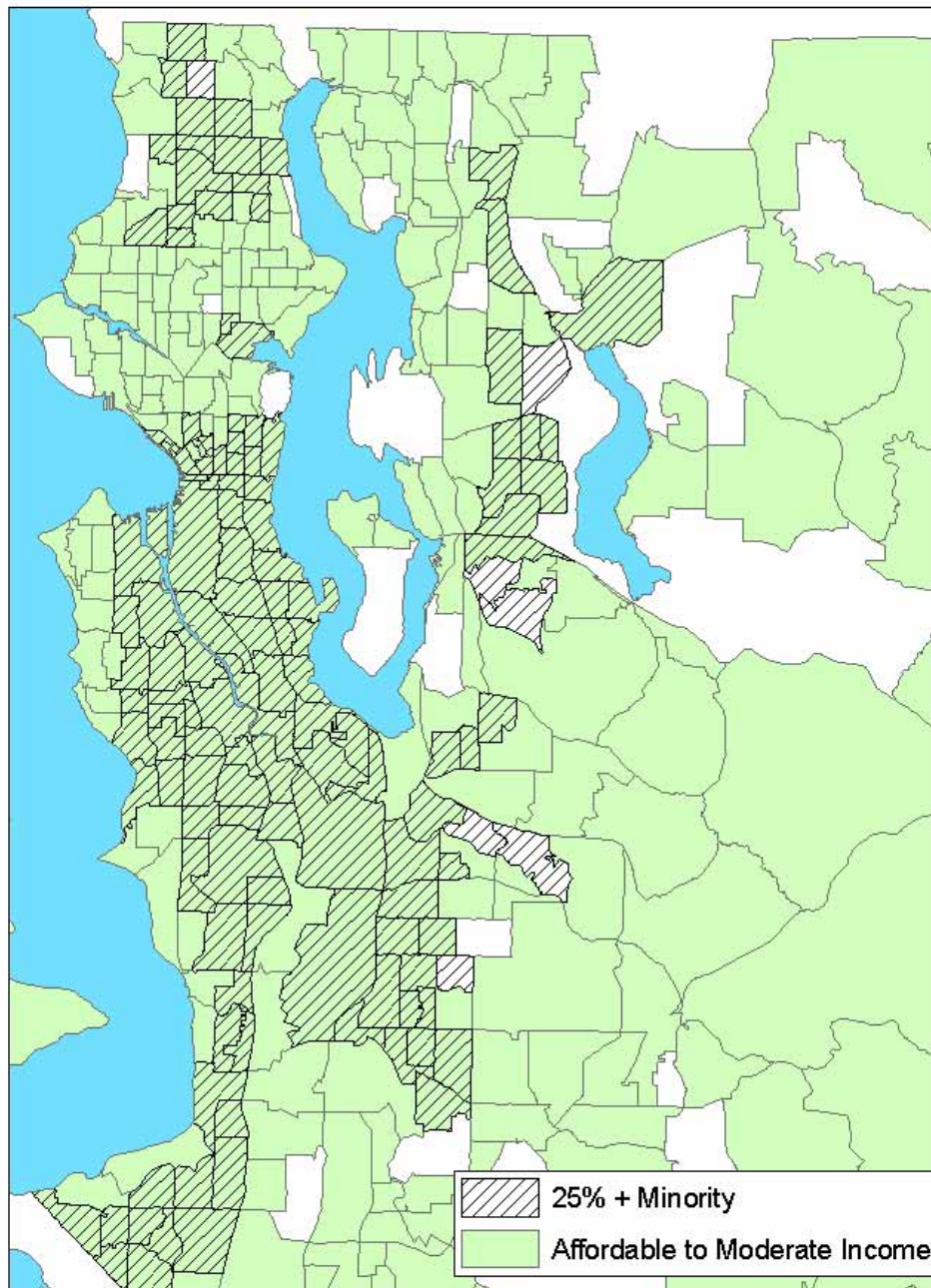


Source: Geolytics, 2000

Note: This map shows a clear association between affordable rental housing and the location of minority residents. Areas in which half of the rental units are affordable to low-income families generally had higher concentrations of minority residents than non-affordable areas. The notable exception is the Eastside which contained several tracts which were not affordable, but had high minority concentrations.

Map 13.

Affordability of Median Rent to Moderate-Income Households, 2000

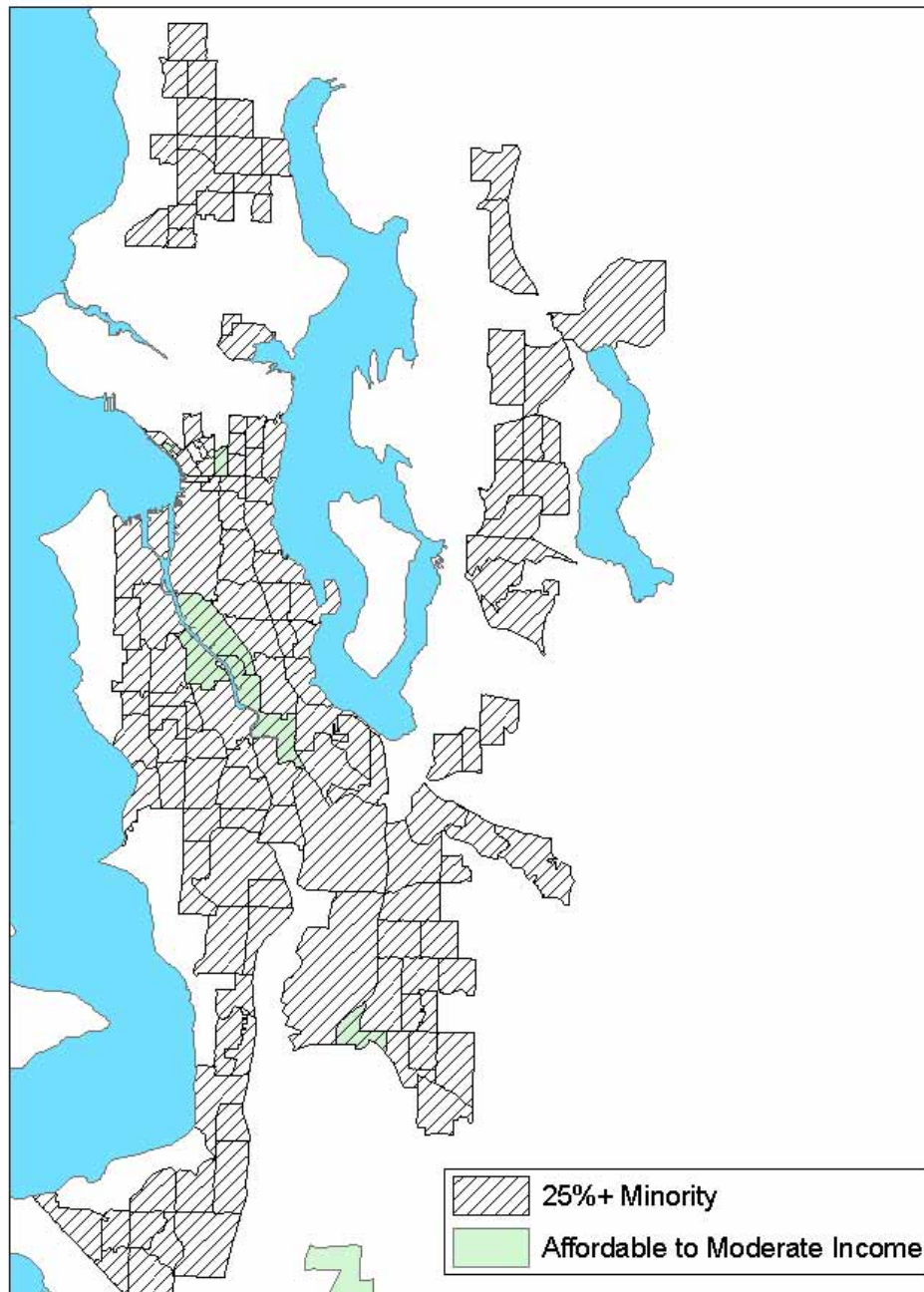


Source: Geolytics, 2000

Note: This map shows that there are relatively few census tracts in which the median rent is not affordable to households earning 80% of the median income.

Map 14.

Median Home Owner Costs Affordable to Moderate Income, 2000

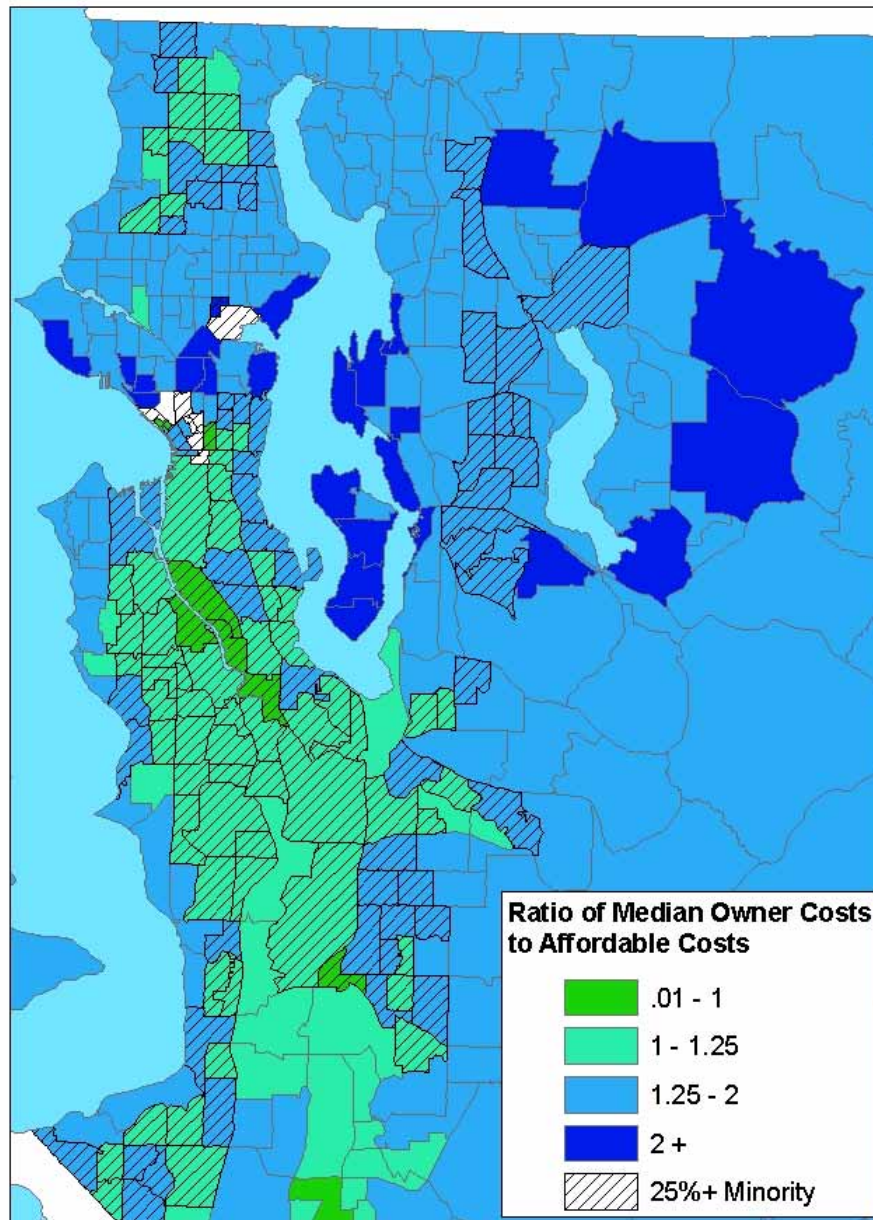


Source: Geolytics, 2000

Note: This map shows that there are only seven census tracts in which the median home owner costs are affordable to moderate income households. These tracts are located in areas with high concentrations of minorities.

Map 15.

**Ratio of Median Home Owner Costs to Affordable
Costs for Moderate Income Households, 2000**



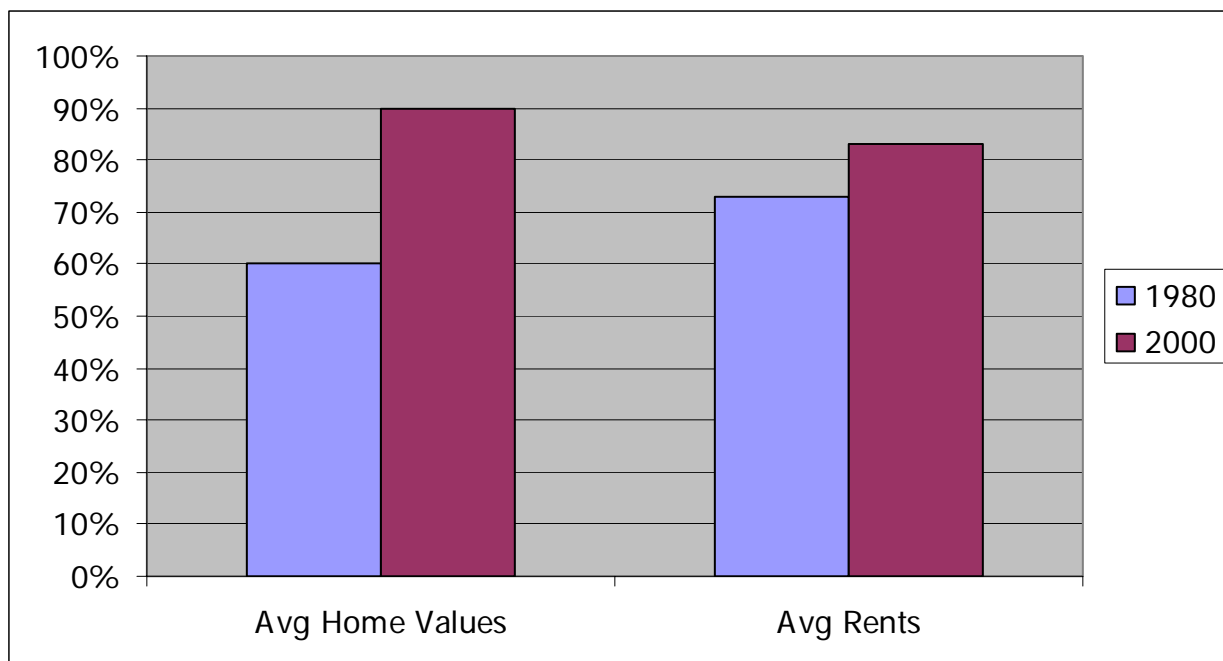
Source: Geolytics, 2000

Note: This map shows the ratio of median home owner costs to home owner costs that are affordable to moderate income families. (Affordable costs equal 30% of 80% of the county median income.) Areas in green are generally affordable to moderate income families while areas in blue are generally less affordable. Note the clear association between housing costs and minority concentrations.

Gentrification in the Central Area

Rising rents in Seattle are pushing some minorities out of the city. The Central Area, which was once the center of Seattle's African-American community, has experienced faster increases in home prices than other parts of the region. In 1980, the average Central Area home was 63% of the average King County home. By 2000, the average home in the Central Area was worth 83% of the County average. The appreciation of property values increases the tax burden on home owners, but it also benefits long-term residents who can sell their homes at higher prices. Renters, on the other hand, cannot capitalize on rising home costs and are frequently pushed out by gentrification. Between 1980 and 2000, rents in the Central Area have risen from 73 to 83% of the county average (Geolytics, 2000.)

Figure 8. Central Area Home Values and Rents as a Percentage of the County Average, 1980 and 2000

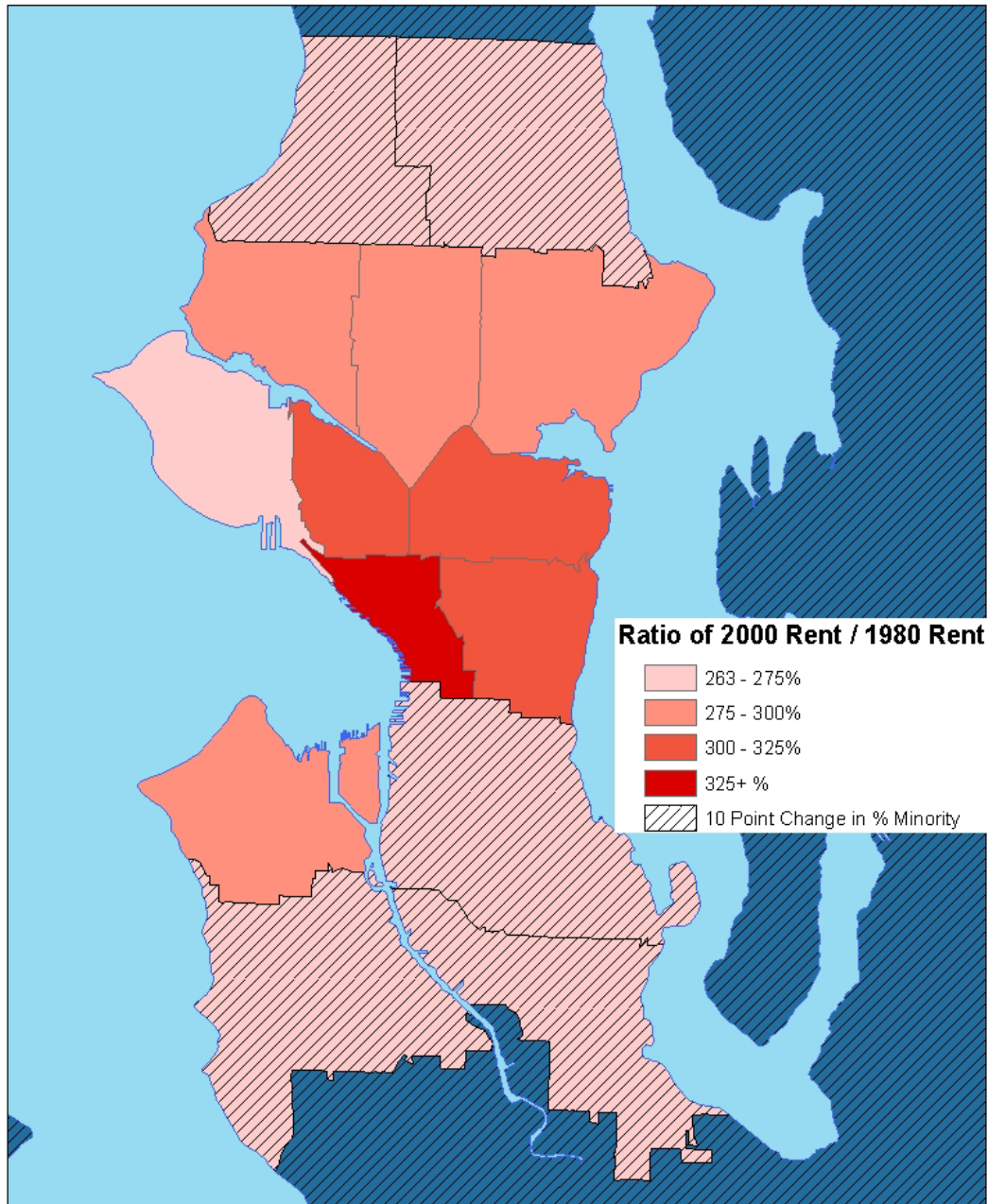


Source: Geolytics, 2000

As home costs have risen, many African-Americans have left the Central Area. Between 1980 and 2000, the neighborhood's black population decreased by 36% (Geolytics, 2000.) Not all of this depopulation can be attributed to rising prices. A decline in discrimination and increase in suburban home construction most likely increased opportunities for African-Americans in other parts of the county. However, most of the growth in minority populations in Seattle occurred in the areas of the city that had the slowest growth in rents (see Map 16.)

Map 16.

Change in Rent and Change in Minority Population, 1980-2000



Source: Geolytics

Note: This map shows the ratio of average rents in 2000 to average rents in 1980. Rents have grown the fastest in areas in darker shades of red. Rents in Garfield-Madrona increased by more than 300%. (These figures are not adjusted for inflation.) It is interesting to note that the areas with the slowest rent growth also experienced the most growth in minority populations.

Economic Access versus Discrimination and Preference

If economics were the only factor in segregation, one might expect that segregation would be lower for minorities with large incomes. However, this is not the case. Using the dissimilarity index, I compared the integration of minorities of all income levels. I found that African-Americans and Hispanics who earn more than \$75,000 have higher rates of dissimilarity than those earning less than \$25,000. Only Asian households become less segregated as income increases. This suggests that segregation is not solely a product of economic access. It is driven by racial discrimination and individual preferences.

Table 9. Dissimilarity by Race and Household Income in Seattle, 2000

Household Income	Dissimilarity of African-Americans and Whites	Dissimilarity of Asian-Americans and Whites	Dissimilarity of Hispanics and Non-Hispanic Whites
0 - \$25,000	.60	.55	.43
\$25,000 – 50,000	.55	.45	.35
\$50,000 – 75,000	.64	.46	.39
\$75,000 – 100,000	.65	.46	.50
Over \$100,000	.67	.41	.55

Source: Geolytics, 2000

Note: These calculations were performed on households whereas the calculations in Figure 3 were performed on individuals.

Segregation and Preferences

Ultimately, racial and ethnic integration is driven by preferences. For integration to occur, minorities must be willing to pioneer white neighborhoods and white residents must choose to stay in those neighborhoods once the area has become diverse (Yinger, 1995.) Data were not available to measure the changes in the preferences of Seattle residents over time. National surveys, however, have found that white attitudes toward fair housing have changed since the Civil Rights movement (Schuman et al, 1997.) Between 1976 and 1994, the share of white residents reporting a preference for all white neighborhoods declined from 28 to 13% (Schuman et al, 1997.)

The Civil Rights movement dramatically changed American attitudes about fair housing. In Seattle, a dedicated group of activists were able to change the majority's opinions about fair housing within the course of a decade. Seattle residents have repeatedly renewed their support for fair housing

by expanding the open housing ordinance to include sexual orientation, political ideology, and receipt of subsidized housing vouchers.

Another indicator of preferences is the response of white residents to neighborhood change. In most areas of the city, small increases in minority populations did not provoke an exodus of white residents. However, white flight did occur in neighborhoods that experienced larger increases in non-white residents. In Rainier Beach, the non-white share increased from 54.5 to 78.9% between 1980 and 2000. During that same time, the area's white population decreased by 6149 residents or 45%.

Table 10. Neighborhood Change, 1980-2000

Neighborhood	Percent Non-White 1980	Percent Non-White 2000	Percentage Change in White Population
Broadview - Carkeek	6.5%	22.7%	-1%
Lake City - Haller Lake	9.7%	27.6%	-5%
Ballard	7.0%	12.4%	1%
Greenlake - Wallingford	8.7%	14.6%	6%
University - Ravenna	12.1%	20.1%	-3%
Magnolia	7.6%	14.4%	1%
Queen Anne	6.5%	12.3%	6%
Capitol Hill - Madison	11.4%	12.6%	0%
Downtown	27.3%	36.9%	39%
Garfield - Madrona	49.5%	40.8%	37%
Alki – Admiral	7.9%	15.2%	-2%
Beacon - Rainier Valley	58.4%	69.1%	-16%
Fauntleroy - Highland Park	15.0%	37.3%	-13%
Rainier Beach	54.5%	78.9%	-45%

Source: Geolytics, 2000

Summary

Since the 1960s, Seattle's neighborhoods have become more integrated. These changes are most likely the result of changing preferences and attitudes about race. However, discrimination and economics continue to constrain the choices of minorities in Seattle and King County. Rising housing costs limit the geographic areas that are affordable to lower-income minorities. Economics, however,

cannot explain all of the constraints faced by minorities. Upper income African-Americans and Hispanics are just as segregated from whites as lower income residents. Some of this segregation can be attributed to discrimination. However, without hard data on the incidence of discrimination, it is difficult to determine its impact on segregation levels.

Notes

1. The Commission does review rates and underwriting standards to ensure that customers are treated fairly (Findley, 2005.)
2. These definitions of low- and moderate- income were derived from HUD's Comprehensive Affordable Housing Strategy database.

CHAPTER FOUR: MAJOR POINTS

- Residential segregation is the product of discrimination, economic inequities, and individual preferences for housing.
- In a national study, HUD found that as many as one in five African-Americans and Asians face discrimination from real estate agents when trying to buy a home. As many as one in four Hispanics experience adverse treatment.
- Researchers from the Boston Federal Reserve found that African-Americans and Hispanics were 80% more likely to be denied a loan than whites even after controlling for borrower, property and neighborhood characteristics.
- Economic disparities between non-whites and whites contribute to residential segregation. However, national studies show that middle- and upper-class African-Americans are just as highly segregated from whites as lower income African-Americans. For Hispanics and Asians, segregation generally decreases as income rises.
- National surveys demonstrate that a large share of whites prefer to live in mostly white areas. Some whites may even be willing to pay a premium to live in mostly white neighborhoods. This creates an economic barrier to integration.
- National surveys demonstrate that a large share of African-Americans and other minorities prefer to live in more diverse neighborhoods. However, discrimination and white flight are impediments to the formation of stable, diverse neighborhoods.
- While discrimination exists in Seattle, more data must be collected to determine the full extent of this problem.
- Lending disparities between whites and non-whites attest to the problem of discrimination in Seattle. African-Americans and Hispanics of all income levels are much more likely to be rejected for loans than whites. However, the impact of these disparities on segregation is unclear.
- There is a negative correlation between housing costs and the proportion of non-white residents in Seattle neighborhoods. Minority concentrations are lower in areas with higher than average housing costs.
- In Seattle, upper income African-Americans are just as segregated from whites as lower-income African-Americans. Hence, economic access does not provide an adequate explanation of segregation.
- Little data exists on housing preferences in Seattle. In most areas of the city, small increases in the minority population did not provoke an exodus of white residents. However, white flight did occur in neighborhoods that experienced larger increases in non-white residents.

V. Policies Addressing Discrimination

In 1976, Seattle Human Rights Department reported high levels of housing segregation. Discrimination had concentrated many African-American families into the Central Area. At that time, public officials had few tools to identify and prosecute discriminatory behavior. The federal Fair Housing Act (FaHA) of 1968 banned housing discrimination, but it did not provide adequate mechanisms for enforcement. Since 1976, the FaHA has been strengthened and new laws like the Home Mortgage Disclosure Act and the Community Reinvestment Act have been created to help governments fight residential discrimination. This section describes the changes in the laws and evaluates their contribution to the decline in segregation in Seattle.

Fair Housing Laws

The first fair housing law was passed in the wake of the Civil War. Section 1982 of the Civil Rights Act of 1866 protects the property rights of non-white citizens:

All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase lease, sell, hold, and convey real and personal property (42 U.S.C. § 1982.)

However, the law was not actively enforced until 1968 when the Supreme Court ruled that it covered both public and private acts of discrimination. Since that time, the law has been used in conjunction with the Fair Housing Act to file suit against individuals who practice racial discrimination.

The Fair Housing Act of 1968 (FaHA):

- prohibits housing discrimination in both the private and public sectors;

- authorizes the Department of Housing and Urban Development (HUD) to investigate and mediate individual complaints of discrimination;
- allows the Department of Justice to file pattern and practice lawsuits against realtors and lenders who engaged in widespread or systematic discrimination; and
- empowers State agencies to investigate complaints under comparable state fair housing laws (U.S. Commission on Civil Rights, 1994.)

The law is extensive in its reach covering the transactions of all real estate brokers, realtors, lenders and insurance agents. However, apartments with fewer than four units and single-family homes sold by owner are exempt from the Act. Originally, the FaHA banned discrimination on the basis of race, religion and national origin. Over time, the number protected classes has been expanded to include gender, disability, and family status.

The original enforcement provisions of the act were quite limited.¹ All complaints and civil suits had to be filed within 180 days. Conciliation procedures were voluntary and government agencies could not compel respondents to participate. Damages for individual lawsuits were capped at \$1000 and only covered attorneys' fees in cases where the plaintiffs could not afford legal services. For this reason, many plaintiffs choose to sue under Section 1982 of the Civil Rights Act of 1866 which did not impose caps on damages (Yinger, 1995.)²

In 1988, the enforcement provisions of the Fair Housing Act were strengthened. Specifically, the amendments:

- extended the statute of limitations to 1 year for complaints and 2 years for lawsuits;
- established a system of administrative law judges who could award damages and attorneys fees to complainants and impose penalties on respondents;
- lifted the caps on damages; and
- extended coverage to people with disabilities and families with children.

The amendments also allowed HUD to initiate investigations without having to wait for an individual complaint.

Fair Housing Enforcement in Seattle

In Washington, the enforcement of the FaHA is the responsibility of state and local human rights agencies (see Table 11.) The Seattle Fair Housing Ordinance has been certified by HUD as “substantially equivalent” to the FaHA. This gives Seattle Office of Civil Rights (SOCR) jurisdiction over housing discrimination complaints in the city. Citizens must exhaust all remedies with the local and state governments before they can file a complaint with the federal government.

Table 11. Fair Housing Laws and Enforcement Agencies

Agency	U.S. Dept. of Housing & Urban Development	WA State Human Rights Commission	Seattle Office for Civil Rights
Jurisdiction	United States	Washington	Seattle
Protected Classes	Race Color National Origin Religion Sex Disability Familial Status Retaliation	Race Color National Origin Creed Sex Disability Familial Status Retaliation Marital Status	Race Color National Origin Religion/Creed Sex Disability Parental Status Retaliation Marital Status Age Ancestry Sexual Orientation Gender Identity Section 8 Voucher Political Ideology
Statute of Limitations	1 year	1 year	180 days

Source: King County Office of Human Rights

Like HUD, SOCR can investigate charges of housing discrimination and negotiate agreements between aggrieved parties. Agreements can include damages, rent refunds, reinstatement of tenancy, and affirmative recruiting policies. If an agreement cannot be reached, the case is turned over to the City’s Attorney Office which then files a case with the City’s Hearing Examiner. If the Examiner finds that discrimination occurred, he or she can order the respondent to pay damages, cover attorney’s fees, eliminate the unfair practice, or engage in affirmative recruiting and advertising (Seattle Municipal Code, 14.08.160) Both SOCR and the Hearing Examiner can impose civil penalties on the discriminating party.

These penalties equal:

- \$11,000 if the respondent has not engaged in unfair housing practices;
- \$27,500 if the respondent has committed one other unfair practice during the past five years; and
- \$55,000 if the respondent has committed two or more unfair practices during the past seven years (Seattle Municipal Code, 14.08.185.)

SOCR has helped increase the awareness of fair housing laws. All real estate and lending institutions are required to hang a fair housing poster in their office which outlines the fair housing ordinance and contact information for enforcement officers. SOCR and other agencies also provide fair housing trainings to lenders, real estate agents, and apartment managers. Additionally, SOCR runs an educational campaign to warn citizens about predatory lenders.

The Home Mortgage Disclosure Act

The enforcement of fair lending laws is aided by the Home Mortgage Disclosure Act. The Home Mortgage Disclosure Act of 1975 requires lenders to publicly disclose the location of home mortgage loans. The Act was initially passed to discourage redlining---the practice of systematically denying credit to individuals in a geographic area based on the neighborhood's racial composition or the age of its housing stock. Information collected under HMDA allows fair housing agencies and the public to monitor lending activity in their community and determine if lenders are adequately serving community needs. HMDA data can also be used by government agencies and private lenders to target investments to underserved communities. The Act was expanded in 1988 to aid the investigation of lender discrimination. Lenders are now required to disclose applicant-level data including each applicant's race, gender, and income (FFIEC, 2005.)

The collection of HMDA data has raised the awareness of disparities in lending between whites and non-whites. It has also armed communities with information about the quality of credit services within their area. Unfortunately, HMDA does not collect all of the information used by lenders when determining whether or not to approve a home loan. Since analysts are not able to control for all of the variables that enter into a loan decision, it's difficult to definitively prove the existence of racial bias with HMDA data.

The Community Reinvestment Act

Like HMDA, the Community Reinvestment Act of 1975 was designed to discourage redlining and disinvestment in inner city neighborhoods. The law calls on Federal banking regulators to ensure that lending institutions are serving the credit needs of low-income neighborhoods. The logic is that lenders that take deposits from minority communities should make loans within those communities. (The CRA does not cover non-depository lending institutions.) Under the CRA, Federal regulators must:

- (1) assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of (the) institution; and
- (2) take such record into account in evaluating an application for a charter, deposit insurance, branch or other deposit facility, office relocation, merger or holding company acquisition of a depository institution.

The CRA is monitored by the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS). These agencies rate lending institutions based on their performance in providing loans, investments, and financial services within their community. These ratings can be used to deny or delay requests for mergers and acquisitions. Additionally, community groups are allowed to challenge mergers and negotiate community investment agreements with depository institutions.

The impact of the CRA is debatable. Lending institutions that are covered by the CRA provide a higher share of loans to African-Americans and individuals living in low-income communities than institutions not covered by the CRA (Joint Center for Housing Studies, 2002.) However, the proportion of lending institutions covered by the CRA is declining. CRA only applies to institutions that receive deposits from low-income communities. During the past ten years, the proportion of loans are originating from depository institutions has decreased. This lessens the potential impact of the CRA on poor communities (Joint Center for Housing Studies, 2002.)

Effectiveness of Fair Housing laws

Fair housing laws have clearly helped individuals who have filed and successfully settled complaints against discriminators. In 2004, federal, state, and local civil rights agencies settled 3183 com-

plaints and awarded individuals \$11 million in damages. However, these individual cases do not represent the full extent of discrimination. HUD's Housing Discrimination Study (2003) suggests that as many as one in four Hispanics and one in five African-Americans and Asians experience adverse treatment when searching for a rental unit. The current enforcement mechanisms do not adequately capture the larger systemic incidence of discrimination (Yinger, 1995.) Additionally, certain types of property are exempt from the Fair Housing Act. Single family homes that are sold by owner and apartments with fewer than four units are not covered by the FaHA.

Current fair housing laws rely upon individual efforts for enforcement. People who have experienced adverse treatment must a) recognize that discrimination has occurred and b) weigh the costs and benefits of filing a complaint (Abravanel, 2002.) Yinger (1995) argues that discriminatory behavior has become more subtle in recent years and therefore, more difficult to detect. Even when an individual observes discrimination, he or she might be reticent to file a complaint. A survey performed by the Urban Institute found that 83% of individuals who had experienced housing discrimination did not take any action. Thirty-eight percent of those individuals believed that taking action would not have improved their situation. Another 29% sought housing elsewhere because they either felt it was easier to do so or more desirable because they did not want to live near the discriminator (Abravanel, 2002.)

Given these factors, a very small fraction of incidents are actually reported under the current laws. The outreach activities of SOCR are critical to ensuring that a larger share of discriminatory acts are investigated. However, the bulk of responsibility for enforcement is vested with the victim of discrimination. Yinger (1995) argues that governments ought to be more proactive in their investigations and lessen the burden on the individual. Under the 1988 Amendments, governments can initiate their own investigations without first having received individual complaints. Paired testing is a tool that can be used to uncover systemic discrimination. However, with increasing fiscal constraints, many civil rights agencies have struggled to keep up with the individual caseload of complaints.

Notes:

1. In fact, many enforcement provisions were removed from the legislation to ensure its passage.
2. Section 1982 places a higher standard of proof on the plaintiff than the Fair Housing Act. Plaintiffs must demonstrate discriminatory intent of the respondent while the FaHA only requires the demonstration of discriminatory effect. Hence, the Civil Rights Act placed a higher burden of proof, but awarded greater damages while FaHA cases were easier to prosecute, but offered little compensation to plaintiffs.

CHAPTER FIVE: MAJOR POINTS

- Since 1976, the enforcement provisions of fair housing laws have been strengthened.
- Under the original 1968 Fair Housing Act, conciliation procedures were voluntary and government agencies could not compel respondents to participate in them. Damages for individual lawsuits were capped at \$1000 and only covered attorneys' fees in cases where the plaintiffs could not afford legal services.
- In 1988 the Fair Housing Act was amended. The new law gave fair housing agencies the power to impose penalties on respondents and award damages and attorneys' fees to complainants. The cap on damages was lifted.
- The Home Mortgage Disclosure Act of 1975 (HMDA) requires lenders to publicly disclose the location of home mortgage loans and the race and income of loan applicants. This information can be used to investigate patterns of racial discrimination.
- The Community Reinvestment Act (CRA) requires Federal banking regulators to rate lenders based on their performance in providing credit to low-income and minority neighborhoods. These ratings can be used to deny or delay requests for mergers and acquisitions.
- Structural changes in the banking industry are reducing the impact of the CRA. CRA ratings only apply to depository institutions. An increasing number of loans are originating from non-depository institutions.
- While the new laws have helped some of the victims of discrimination, many acts of discrimination are either not detected or not reported. The current enforcement system is reliant upon individual complaints and does not capture the full incidence of discrimination.

VI. Policies Addressing Affordability

In 1976, the Seattle Human Rights Department reported that economic segregation was limiting the housing opportunities for people of color. The physical separation of low-income and middle-class residents is not solely the product of market forces (Fischel, 1999.) Both land use and affordable housing policies affect where low-income people live. In this section, I will outline some of the major changes in Seattle's zoning and affordable housing policy and discuss the impact of these policies on housing opportunities for minority households.

Zoning

Zoning laws regulate the permissible uses of a piece of property. These regulations govern the height, lot size, and number of units that can be built on a parcel of land. Hence, land use policy determines both the size and the density of housing within neighborhoods. Lower density zoning can *exclude* low-income residents from affluent areas. For example, a suburban neighborhood that is exclusively zoned for single family homes on large lots might be inaccessible to renters and/or individuals with limited means. Higher density zoning tends to encourage the development of more affordable multi-family units.

Historically, some communities have used land use policies to exclude people of color. While explicit racial zoning was outlawed in 1917, land use policies that effectively exclude low-income households are common in the suburbs. Given the earnings gap between minorities and whites, these policies can effectively exclude minority families from affluent white neighborhoods. In several states, exclusionary zoning policies have been challenged in court. In 1975, the New Jersey Supreme Court ruled that "a developing municipality may not, by a system of land use regulation, make it physically or economically impossible to provide low and moderate income housing in the municipality" (*Southern Burlington County N.A.A.C.P. v. Township of Mount Laurel*, 67 N.J. 151.) The court ordered suburban com-

munities to change their zoning rules to accommodate affordable housing and established affordable housing targets for each municipality.

In 1976, the Seattle Human Rights Department found evidence of exclusionary zoning. Multifamily zoning was concentrated in the Central Area (see Map 17.) These policies effectively segregated low-income households within the city. The Human Rights Department argued that some parts of the Central Area were over zoned and that there was a mismatch between zoning and actual land use within the neighborhood. Many parcels zoned for higher densities contained single family homes while others remained vacant. Single family home owners who lived on land zoned for higher densities were burdened with high taxes because they had to pay taxes on the “highest and best use” of their property. The presence of large tracts of vacant land discouraged investment.

A comparison of zoning maps from 1976 and 2000 shows that some sections of the Central Area have been “down zoned” from multifamily to single family zoning (see Maps 17 and 18.) However, the proportion of multifamily housing in the neighborhood has increased during the past thirty years. In 1970, multifamily units accounted for 68% of all units in the Garfield-Madrona area. By 2000, the proportion of multi-family units had increased to 73%. Under the Comprehensive Plans of 1994 and 2005, urban neighborhoods like the Central Area were actually targeted to accept higher residential densities. These policies were guided by the State Growth Management Act of 1990.

The Growth Management Act seeks to reduce urban sprawl by concentrating growth in the urban core. Under the GMA, each region must establish an urban growth boundary to contain future development. Cities must maximize their land use policies to accommodate future population growth. For some cities, this means “up zoning” or increasing the permissible density limits in residential areas. For others, this means encouraging more development in areas that are already zoned for higher densities, but not developed to full capacity. The GMA also requires cities and towns to develop a housing plan that “makes adequate provisions for existing and projected needs of all economic segments of the community” (Revised Code of Washington 36.70A.070.)

Seattle has chosen to concentrate new residential and commercial growth into Urban Villages. Urban villages have been designated throughout the city and include both employment centers and residential areas. The city hopes to promote walkable communities that offer a wide range of housing, transit and employment options to city residents (Comprehensive Plan, 2005.) Under this strategy, the city has altered its land use policies to encourage more small lot single family homes, duplexes, multifamily units and mixed-use apartments. Seattle has also targeted its mass transit investments to connect residential urban villages with employment centers.

One of the outcomes of growth management is the development of a wider range of housing options throughout the city. In 1970, much of the city's multi-family housing stock was concentrated in the older neighborhoods bordering downtown. Since 1970, all areas of the city have experienced an increase in the number and proportion of multi-family units. In Broadview-Carkeek, the proportion of multifamily units increased from 21 to 44% of all units (Geolytics, 2000.) In Fautleroy-Highland Park, the share of multifamily units increased from 15 to 27% of all units. The share of multifamily units increased in the suburbs as well. By 2000, 38% of all units in suburban King County were multi-family.

Table 12. Percentage of Units Multifamily, 1970 and 2000

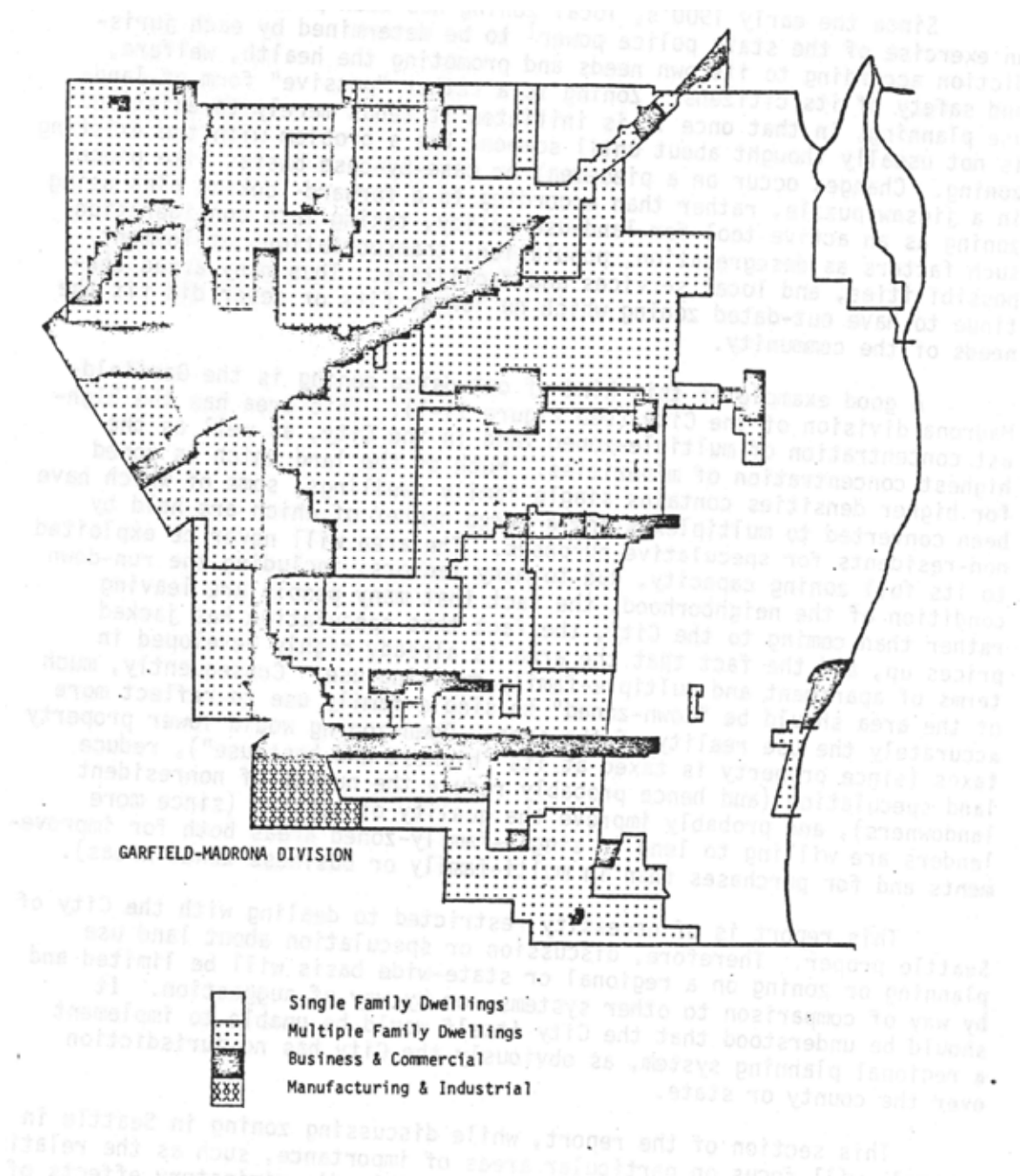
Neighborhood	1970	2000
Broadview - Carkeek	21%	44%
Lake City - Haller Lake	19%	38%
Ballard	31%	39%
Greenlake - Wallingford	37%	49%
University - Ravenna	34%	40%
Magnolia	30%	40%
Queen Anne	61%	68%
Capitol Hill - Madison	50%	54%
Downtown	97%	99%
Garfield - Madrona	68%	73%
Alki - Admiral	26%	38%
Beacon - Rainier Valley	28%	29%
Fautleroy - Highland Park	15%	27%
Rainier Beach	24%	22%
Suburban King County	18%	32%
Total King County	30%	38%

Source: Geolytics, Inc.

The increased development of multi-family units can create more choices for low-income households. Higher density land use, however, does not necessarily translate into affordable housing. In a tight housing market, the price of multi-family units will rise unless a sufficient supply is brought on-line to meet demand. Many scholars have argued that growth management actually contributes to rising housing costs because it restricts the supply of developable land.

The rising cost of housing has prompted several communities in King County to create inclusionary zoning laws. Seattle provides incentives for developers to include affordable units in apartment

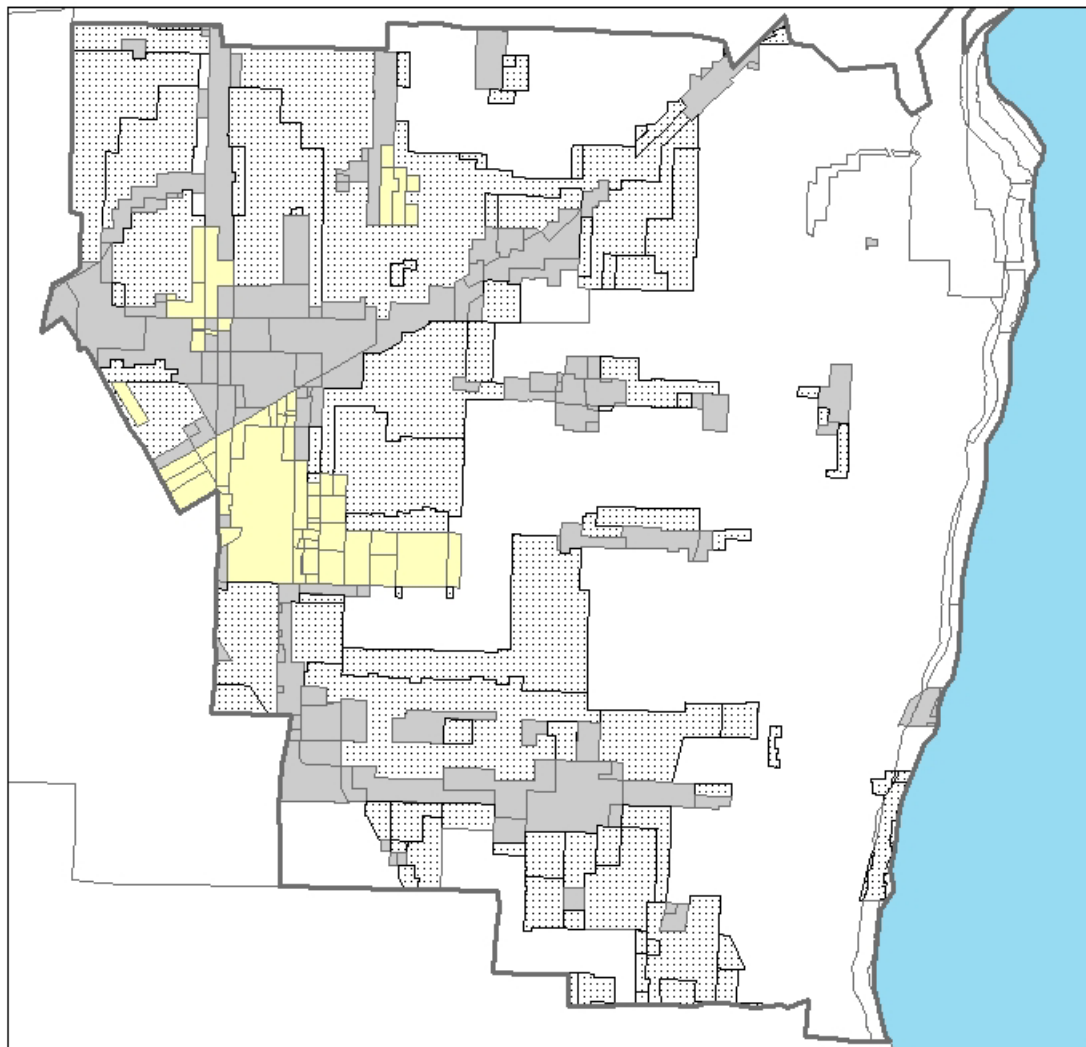
Map 17. Zoning in the Garfield-Madrona / Central Area, 1976



Source: Seattle Department of Human Rights, 1976

Note: The Central Area encompasses the eastern portion of the Garfield-Madrona division. This neighborhood was predominantly African-American in the 1960s and 1970s. In 1976, most of the eastern portion of the Garfield-Madrona area was zoned for multi-family dwellings or businesses.

Map 18. Zoning in the Garfield-Madrona / Central Area, 2000



Source: Seattle Department of Planning and Development, 2000

Note: By 2000, several areas in the central portion of the Garfield-Madrona division had been down zoned from multi- to single family zoning.

buildings. Developers can increase the density of their projects (i.e. number of units per square foot) which enhances the profitability of the development. Other communities, like Federal Way and Redmond, have established mandatory inclusionary zoning provisions which require that a percentage of units in new developments be affordable to low-income households (King County, 2004.)¹

Affordable Housing

In many cities, subsidized housing has been concentrated in low-income, minority neighborhoods. The concentration of low-income housing restricts the choices of very poor individuals who are reliant on public subsidies. Since a greater share of minorities earn low-to-moderate incomes, policies affecting the location of affordable housing have a disproportionate impact on these groups.

In the 1970s, much of the Seattle's subsidized housing was sited in low-income minority communities in the Central and Southeastern portions of the city (Pacific Development Concepts, 1994.) In 1978, the city embarked on an ambitious plan to build more affordable housing outside of distressed neighborhoods while encouraging community revitalization within these areas. Since the 1970s, Seattle's public housing policies have attempted to:

- discourage the construction of affordable units within low-income areas;
- rehabilitate affordable units within low-income neighborhoods; and
- encourage homeownership in low-income neighborhoods (Pacific Development Concepts, 1994.)

Locating subsidized units outside of low-income areas provides low-income residents with more housing options and greater access to employment, schools, and other community resources. Rehabilitating existing housing stock in distressed areas encourages investment and attracts more employment and other opportunities to neighborhood residents (Katz, 2004.)

Scattered Site Housing. In 1978, the city began to acquire scattered site affordable housing. The objective of this program was to acquire small sites to develop low density assisted housing in parts of the city that did not have much subsidized housing (Silver, 1979.) Today the Seattle Housing Authority operates more than 700 units of scattered site housing. Sixty percent of these units are located north of the ship canal. Only 3% of scattered site units are located in the southeastern portion of the city (Seattle Housing Authority, 2005.)

Housing Levy: The acquisition and maintenance of affordable housing has been partially funded with a dedicated property tax levy. Seattle voters first approved the Housing Levy in 1981 and have consistently renewed their support for the levy. During the past 20 years, the city has financed the construction of more than 8000 units of affordable rental housing (Seattle Office of Housing, 2004.) This is an

Table 13. Location of Scattered Site Housing

North	60%
Central	22%
Southeast	2%
Southwest	16%

Source: Seattle Housing Authority, 2005

addition to the 12,000 units constructed with federal, state, and county subsidies (City of Seattle, 2004.) The bulk of these new units have been sited outside of low-income neighborhoods.

Special Objective Areas: Since 1982, the siting of affordable housing has been guided by the city's Special Objective Areas (SOA) policy. Under this policy, the city prohibited the construction of assisted housing in neighborhoods that already had high concentrations of subsidized housing. These neighborhoods were designated "Special Objective Areas" and included Georgetown, Southwest, South Park, Columbia City, Southeast, Central Area, Downtown, First Hill, and the International District. The downtown SOA was exempt from this policy because of its proximity to jobs, transportation, and other services (Pacific Development Concepts, 1994.)

Current prohibitions. In recent years, Seattle has moderated its siting policies to accommodate neighborhood development goals. Currently, the city will not fund the construction of subsidized units in neighborhoods where 20% of housing units are already subsidized (City of Seattle, 2004.)² The city will, however, grant waivers for projects that are supported by the community or located in neighborhoods in which more market rate housing is coming on-line. These exemptions give the city the flexibility to accommodate neighborhood demands for affordable housing in gentrifying areas like the International District and the Central Area.

Housing Investment Areas: In the latest Consolidated Plan (2004), Seattle replaced the SOA designations with Housing Investment Areas. These areas are characterized by low-incomes, low employment, disinvestment and high crime rates. The city has targeted 75% of its Homebuyer Assistance and Neighborhood Housing Opportunity funds to these neighborhoods. The Homebuyer Assistance Program provides low-interest loans to cover the down payments of low- and moderate income residents. The Neighborhood Housing Opportunity Program finances mixed-income projects which are aimed at revital-

izing distressed neighborhoods or providing stability to gentrifying areas (Office of Housing, 2004.)

Federal Programs

The federal government has historically funded the construction of public housing projects. However, since the *Gautreaux* decision, the federal government has shifted its focus toward promoting mixed-income communities through its Section 8 voucher program and HOPE VI.

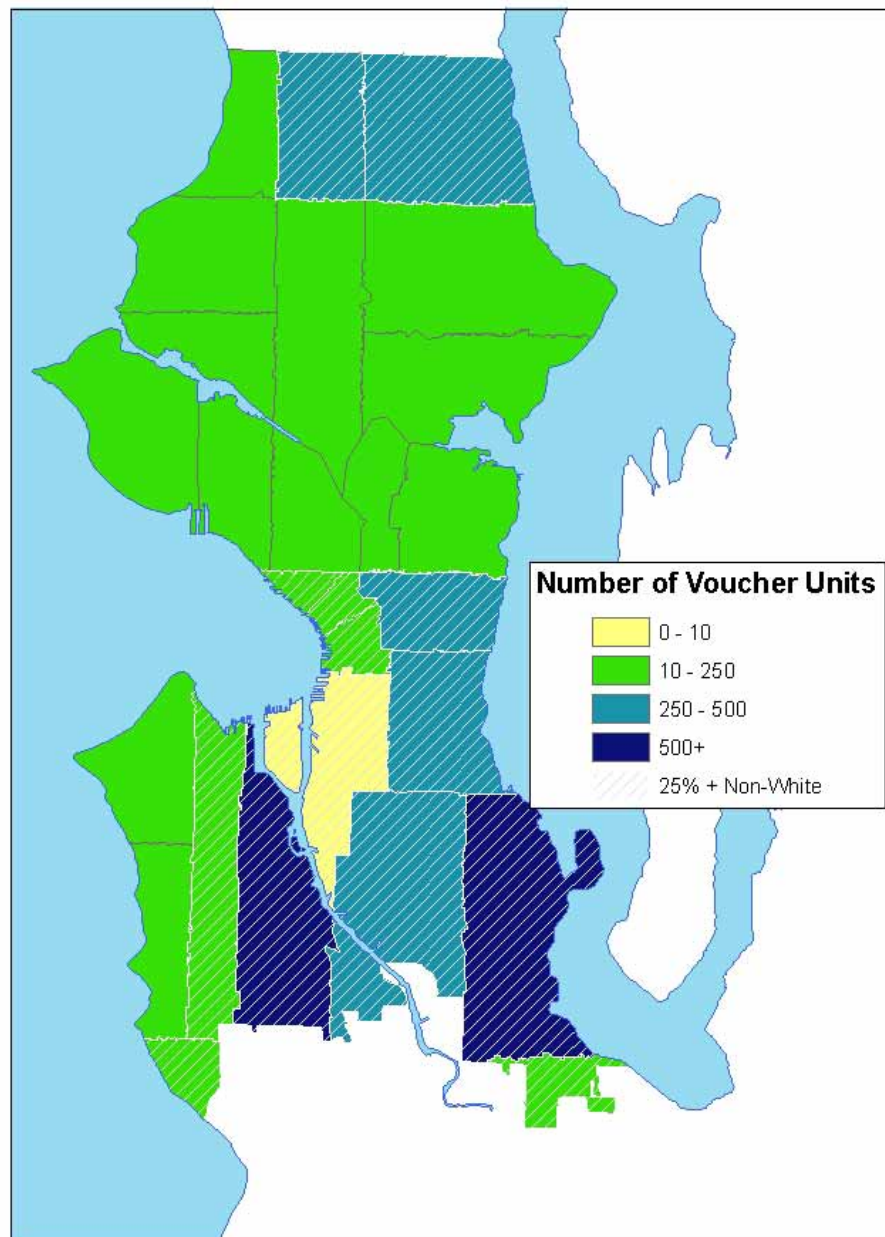
Section 8 Vouchers: The Section 8 program provides low-income residents with vouchers that can be applied toward rent in the private market. Section 8 was intended to provide low-income residents more choices in where they could live. To a limited extent, this program has been successful. Turner (1998) found that only 15% of Section 8 recipients live in high poverty neighborhoods compared to 53% of public housing residents. However, African-American recipients were more likely to relocate to high poverty neighborhoods than white recipients (Turner, 1988.) In Seattle, approximately 5300 households participate in the Section 8 program. These participants are somewhat concentrated in lower income minority areas (see Map 19.) About 40% of vouchers are being used in the Central Area and southeastern Seattle (City of Seattle, 2004.)

HOPE VI: The HOPE VI program provides funds to local housing authorities to renovate aging public housing projects and replace distressed projects with mixed-income communities. The Seattle Housing Authority has received HOPE VI grants to renovate four public housing projects: Holly Park, Rainer Vista, Roxbury Village and High Point. One of the goals of HOPE VI is to deconcentrate poverty by replacing public housing projects with a mixture of market rate and subsidized housing (Seattle Housing Authority, 2005a.) In many parts of the country, this results in a reduction in the number of affordable units. The Seattle Housing Authority has committed to replace all of the assisted units that are removed from HOPE VI sites. By replacing public housing units from higher density public housing into other communities, SHA is expanding the choices of public housing tenants.

Seattle's housing strategies have created more choices for individuals living in assisted housing. Map 20 shows that the Seattle Housing Authority manages affordable housing properties in all parts of the city. A large number of units are located downtown providing residents with access to jobs and public transit. The largest developments remain in areas with high concentrations of minorities. An increasing share of individuals receiving housing subsidies do not live in SHA properties. Nearly one-fifth of individuals in assisted housing are Section 8 Voucher recipients (Consolidated Plan, 2004.)

Map 19.

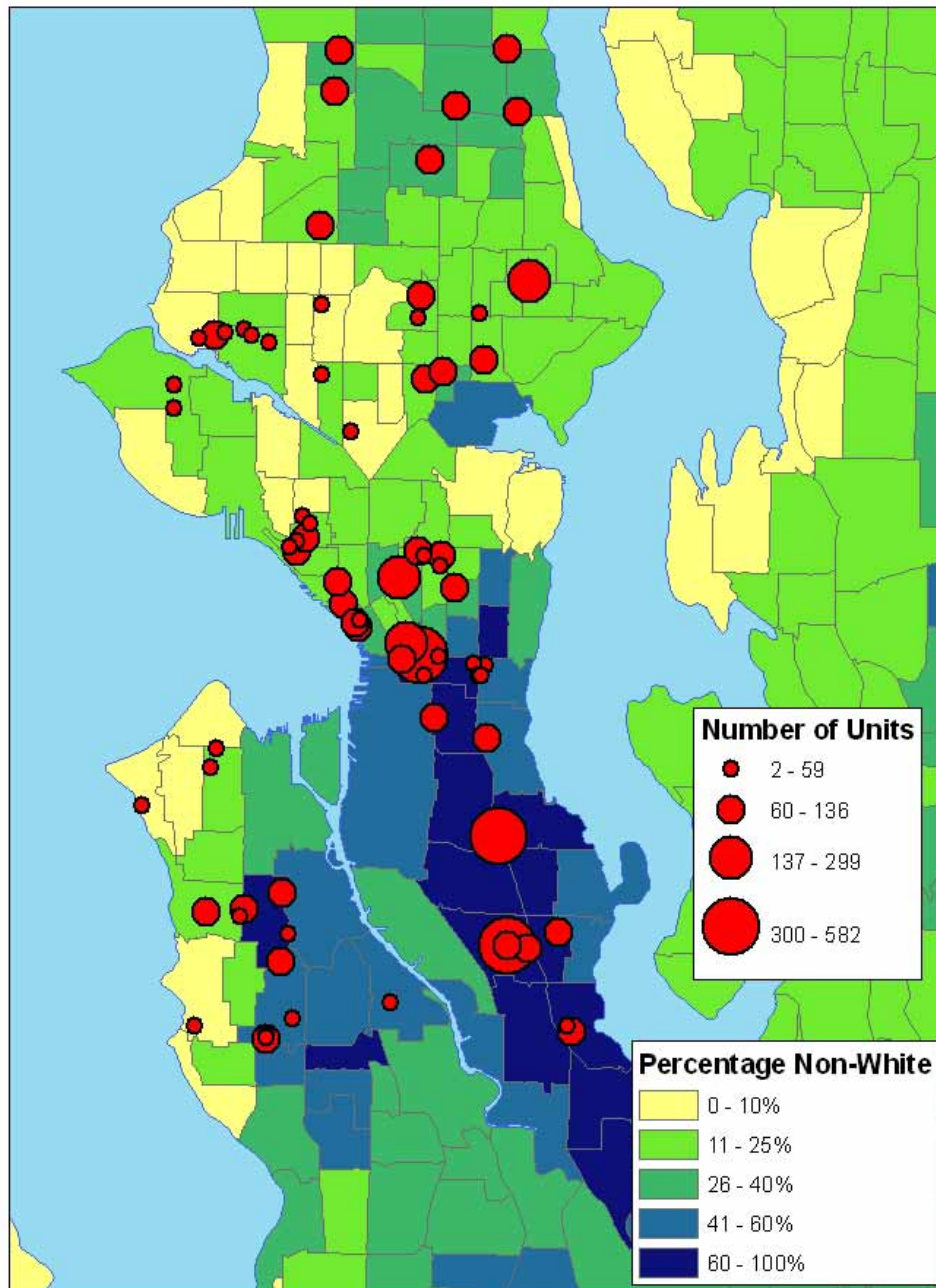
Number of Voucher Units per Zip Code



Source: Seattle Housing Authority, 2005

Map 20.

Location and Size of Seattle Housing Authority Properties, 2005



Source: Seattle Housing Authority, 2005

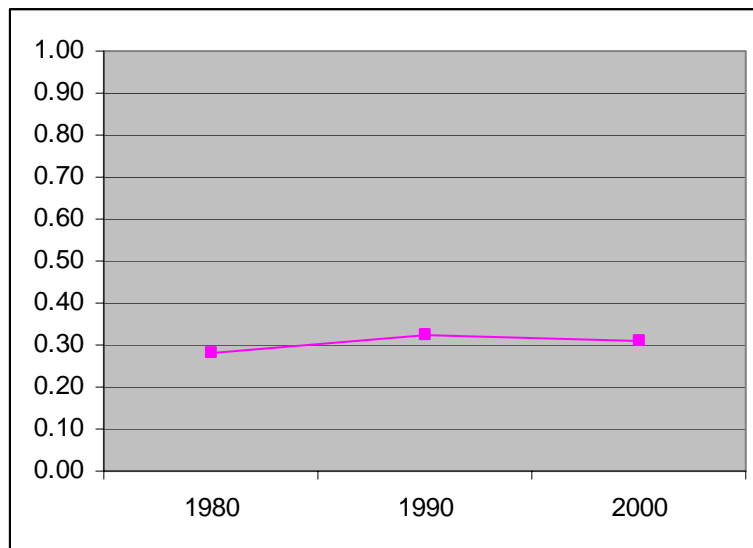
Note: This map includes 7272 units of low-income, senior, impact management and garden community housing managed by the Seattle Housing Authority. It does not include Scattered Site housing, Section 8 vouchers, or assisted housing run by other entities.

Effectiveness of Zoning and Affordable Housing Policies

Seattle and its surrounding suburbs have developed policies to foster a more balanced distribution of affordable housing. However, as these programs have been developed, the overall cost of housing in the private market has grown. This makes it tougher for low-income residents to find housing outside of poor areas. Perhaps the real question is whether the region done *enough* to guarantee housing choice in the face of rising costs.

One way to evaluate housing choice is to look at housing outcomes. Using the dissimilarity index, I have measured the relative dispersion of people in poverty in King County. Overall, the integration of poor and non-poor residents has not changed dramatically since 1980 (see Figure 9.) The dissimilarity index has hovered around 30% for the past two decades. In most other regions, the poor are becoming increasingly segregated. Between 1970 and 1990, the average dissimilarity index for the poor increased by 11% (Abramson, Tobin, and VanderGoot, 1995.) Public housing policies in Seattle are maintaining choices for low-income people in the face of rising costs.

Figure 9. Dissimilarity of Poor and Non-Poor in King County, 1980—2000



Source: Geolytics, 2000

Notes

1. Inclusionary zoning applies to projects in the following areas: the Redmond downtown or Willow/Rose Hill area, Federal Way (only applies to projects with more than 25 units), downtown Kenmore, and Master Planned Development in unincorporated King County, Issaquah and Snoqualmie.
2. Specifically, additional units targeted at very low-income residents will not be funded if more than 20% of the housing units in a census block group are already subsidized to support such residents.

CHAPTER SIX: MAJOR POINTS

- Historically, zoning and affordable housing policies have contributed to segregation.
- Zoning policies regulate the size and number of units that can be built on a parcel of land. Exclusionary zoning policies prevent the construction of more affordable, multi-family units in affluent neighborhoods. Exclusionary zoning can prevent low-income minority families from entering affluent white communities.
- The Growth Management Act of 1990 (GMA) radically altered the land use policies of Washington municipalities. Under the GMA, cities like Seattle must plan for more dense development to accommodate future growth. Since the passage of the GMA, Seattle has encouraged the development of a greater variety of housing densities throughout the city.
- The GMA also restricts the amount developable land within the region. These restrictions could increase the cost of land and housing prices.
- Some municipalities require that new developments include a set amount of affordable housing. These “inclusionary zoning” policies can mitigate some of the negative effects of growth management.
- Historically, subsidized housing projects have been sited in low-income, minority communities.
- Since the 1970s, Seattle’s housing policies have sought to discourage the construction of affordable units within low-income areas and revitalize low-income communities. More low-income housing has been built in more affluent communities as a result of these policies.
- Most of Seattle’s large public housing projects have been converted into mixed income communities under the HOPE VI program. Unlike other cities, Seattle is committed to replacing all the low-income units removed from HOPE VI sites.
- Recipients of housing subsidies now have more choices than they did in the 1970s. Assisted housing units are located in neighborhoods throughout the city. Many individuals use housing vouchers which can be applied toward private market rentals.

VII. Recommendations

During the past thirty years, Seattle and King County have become increasingly integrated. This trend indicates a significant change in our community's attitudes about race. However, people of color still face discrimination and other barriers to housing choice. While new policies have been created to address these issues, more work remains to be done. I recommend the following course of action.

Recommendation #1: Improve Monitoring of Discrimination

Before discrimination can be prosecuted, it must first be detected. The City of Seattle and the State of Washington should increase the monitoring of real estate brokers, lenders, and insurance agents.

- The Seattle Office for Civil Rights (SOCR) should study the incidence of discrimination by landlords and real estate agents using paired tests. A study with a large sample size will help the city determine the full extent of discrimination in Seattle.
- SOCR should continue to periodically analyze HMDA data to determine patterns of discrimination by local lenders.
- Washington State should improve its collection of data on insurance agents and make this information publicly available. A "HMDA" style database would allow public officials to study the problem of insurance discrimination and pressure insurance agents to alter their behavior.

Recommendation #2: Take the Enforcement Burden off the Victim

Current fair housing laws rely upon individual complaints of discrimination. However, many individuals either do not recognize subtle forms of discrimination or do not choose to file a complaint. For this reason, the city should initiate more independent investigations of patterns of discrimination (Yinger, 1995.)

- SOCR should continue to conduct random paired tests to uncover and prosecute acts of discrimination by landlords and realtors. The results of these tests should be publicized to increase awareness of the consequences of discrimination.

Recommendation #3: Continue to Educate Industry and Consumers About Discrimination

Forms of discrimination have become more subtle in recent years. The city should continue to educate the real estate industry and the public about the problem of discrimination.

- SOCR and the Puget Sound Fair Housing Center should continue fair housing trainings to lenders and real estate agents. These trainings will help industry agents identify both conscious and unconscious forms of discrimination.
- SOCR should continue to advertise fair housing rights by posting the open housing ordinance in banks, realtors offices, and property management offices.
- SOCR should initiate focus groups to determine public perceptions about discrimination and reasons why people choose not to report discrimination. SOCR should use this market research to improve its outreach strategies.

Recommendation #4: Eliminate Home Ownership Disparities

Homeownership is an important savings vehicle for many individuals. Lending disparities contribute to disparities in the accumulation of wealth. The City should eliminate lending disparities by:

- prosecuting lender discrimination;
- continuing to educate the public about predatory lending;
- providing credit training in low income communities; and
- providing down payment assistance to low-income minority residents.

Recommendation #5: Encourage the Development of Affordable Housing Citywide

The City should continue promoting the provision of affordable housing citywide.

- The Planning Department should continue to promote a wide variety of housing types in urban villages.
- Seattle should consider using inclusionary zoning policies to encourage the development of affordable housing.
- The City should continue siting affordable housing units outside of high poverty areas.
- The Seattle Housing Authority should provide more housing counseling to recipients of Section 8 vouchers.

Recommendation #6: Revitalize Distressed Neighborhoods while Preserving Affordability

- The City should continue to target funds to distressed communities to stimulate community and economic development.
- The City should seek to build neighborhoods that are attractive and accessible to residents of all income levels. This means preserving affordable housing units in gentrifying neighborhoods.

Recommendation #7: Improve Economic Well-Being of Low-Income Residents

The City should expand programs that help residents achieve higher incomes. Economic stability will help open up greater housing opportunities for low and moderate income minorities.

- The City should increase its funding of workforce training programs that help unskilled workers achieve family supporting wages.

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IX. Appendices

Appendix I: The Neighborhood Change Database

Much of the data used in this report was derived from the Neighborhood Change Database (NCDB, Geolytics, 2000.) The NCDB was developed by the Urban Institute and Geolytics, Inc. It includes four decades of Census data (1970, 1980, 1990, and 2000.) The NCDB has several advantages over raw Census data. The data has been reconfigured so that all of the census tract boundaries remain consistent from year to year. This geographic consistency is critical to evaluating changes in demographic patterns at the neighborhood level. The NCDB has also recoded race variables to facilitate comparisons between the 1990 and 2000 Censuses (Tatian, 2003.)

In 2000, the Census radically changed the way it counted race and ethnicity. For the first time, individuals were allowed to choose multiple races. Approximately 2.4% of all individuals selected more than one race (Tatian, 2003.) To allow for comparisons between 1990 and 2000, the NCDB recoded multi-racial individuals into single race categories using the following decision rules:

- 1) Black + any other race, assign to Black, otherwise
- 2) Asian + any other race, assign to Asian, otherwise
- 3) Native Hawaiian/Other Pacific Islander (NH/OPI) + any other race, assign to NH/OPI, otherwise
- 4) White + any other race, assign to White, otherwise
- 5) American Indian/Alaskan Native (AI/AN) + any other race, assign to AI/AN, otherwise
- 6) Assign to "Some other race" (Tatian, 2003.)

These bridges between the different Censuses are critical to tracking the outcomes of racial minorities over time.

A Note on Racial and Ethnic Categorization

This report relies heavily on Census data to compare the socioeconomic position of members of different racial and ethnic groups. In the 1990 and 2000 Census, Hispanic origin was recognized as an ethnicity and not a separate racial category. On the Census form, individuals were asked whether or not they are Hispanic and then asked to choose a race from the following categories: White, Black / African-American, Asian, Native Hawaiian / Pacific Islander, American Indian / Alaskan Native, or Some other race. Approximately 48% Hispanic individuals reported their race as white while another 42% reported their race as some other race (Grieco and Cassidy, 2001.) For the purposes of comparison, I have chosen to categorize Hispanics of all races into one group. For example, individuals who selected Hispanic and white are referred to as Hispanic throughout the report. The comparison groups of white, African-American, Asian, Native Hawaiian / Pacific Islander and American Indian / Alaskan Native only include non-Hispanic members of those groups. Throughout the report, non-Hispanic African-Americans and non-Hispanic whites are simply referred to as African-American and white. I have also combined the categories of Asian and Native Hawaiian / Pacific Islander to allow for consistent comparison with the 1980 Census. This combined group is referred to as Asian throughout the report.

I have simplified categories of race and ethnicity to help describe the general settlement patterns of different demographic groups in the Seattle area. A more complex categorization that looks at different combinations of race and ethnicity might yield some interesting distinctions. However, such detailed analysis is beyond the scope of this report.

Appendix II. Dissimilarity and Exposure Indices

The Dissimilarity Index

The dissimilarity index measures the evenness between two groups amongst small areas in a city. In this example, b_i equals the number of African-Americans within each census tract and B equals the total number of African Americans in the city. W represents the city's white population while w_i represents the white population in each census tract.

Dissimilarity of African-Americans and Whites

$$D = \sum \frac{1}{2} * \left(\frac{b_i}{B} - \frac{w_i}{W} \right)$$

$\frac{b_i}{B}$ = Proportion of city's African-American population in each census tract

$\frac{w_i}{W}$ = Proportion of city's white population in each census tract

The Exposure Index

The exposure index is a weighted average that shows the racial composition for a typical member of a racial group. Each census tract is weighted according the share of the city's minority population within the tract. The following example demonstrates the exposure index for white residents with (w_i / W) representing the share of the city's white population living within each census tract and (w_i / T_i) representing the proportion of each tract that is white. (T_i equals the census tract population.)

Exposure Index for Non-Hispanic Whites

$$\text{Exposure to Non-Hispanic Whites} = \sum \left(\frac{w_i}{W} \right) * \left(\frac{w_i}{T_i} \right)$$

$$\text{Exposure to African-Americans} = \sum \left(\frac{w_i}{W} \right) * \left(\frac{b_i}{T_i} \right)$$

$$\text{Exposure to Asian-Americans} = \sum \left(\frac{w_i}{W} \right) * \left(\frac{a_i}{T_i} \right)$$

$$\text{Exposure to Hispanics} = \sum \left(\frac{w_i}{W} \right) * \left(\frac{h_i}{T_i} \right)$$

